

FBIS**DAILY REPORT****CONTENTS*****East Asia***

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NAKASONE SPEAKS ON SUMMIT, ECONOMY, GULF, LDP

OW291231 Tokyo NHK Television Network in Japanese 0502 GMT 29 May 87

[Prime Minister Yasuhiro Nakasone's press conference -- live from the prime minister's official residence; questioners not identified]

[Excerpt] [Reporter] [Passage omitted] Mr Prime Minister, we would like first of all to ask you what you think of the result of the latest Diet session and draw a sort of lesson from it.

[Nakasone] It was a very difficult session. I do not know what excuse to make in apologizing to the nation for having caused anxiety and by dragging out Diet deliberations. I would like to make a good study of the Diet situation and make it a lesson for the future. Thanks to the efforts of both the government and opposition parties, 72 of the 100 bills submitted by the Cabinet were approved, and 16 of the 17 draft treaties introduced were approved. In view of this, I would say that the session, which was without an extension, scored a passing or ordinary grade.

Regarding the tax issue, the House of Representatives speaker contributed his good offices. In view of Japan's aging society and fiscal situation, the reform of the tax system is very important. The government and opposition parties will cooperate and do their best to address this issue including conducting a review of the ratio of direct to indirect taxes. With the exception of the Communist Party, all parties agreed to the speaker's mediation efforts, and consultations on the tax system have begun. The tax reform issue has also made a step forward. Therefore, I think that the session scored a passing grade.

Taking a look at the present situation at home and abroad, there are very important questions which may determine Japan's destiny. They include the stability of the yen-dollar exchange rate, the outlook of the world economy, the question of developing countries, the Persian Gulf situation, and the progress and outlook of the U.S.-Soviet arms reduction talks.

Domestically, we adopted a package of emergency economic measures today. We must meet the nation's expectations by carrying out substantial policies to help business recovery in order to overcome the recession caused by the strong yen and to develop measures against unemployment. Political life is not allowed to rest even for a day. Thus our LDP will brace itself and unite in striving to meet the nation's expectations.

[Reporter] The sales tax bill and all other related bills have been discarded. Some argued at the session that the prime minister failed to fulfill his campaign pledges or was too hasty. Mr Prime Minister, what do you think was the cause which led those bills to be scrapped?

[Nakasone] With respect to the sales tax bill, I think that I was a little too hasty. Frankly, at first I thought it would be all right if the bill, which had been drafted by the government's Tax System Research Council and the party's Tax System Research Council, was left with the people for a while for their criticism. But the time between the discussion of the bill and compilation of the budget was shortened, and the bill had to be introduced to the Diet. My intention was for the Finance Committee to take time in deliberating on it. If it did not pass at the last session, it could wait until the next session. Anyway, I should not be impatient. The people should be given enough time to look at the bill in the Diet, and if it is not passed at one session, it can wait until the next.

My intention was to have the Diet deliberate on it even if it may take a year. After hearing the people's arguments, we can then make drastic revisions. My intention was to make drastic revisions to comply with the people's views.

With regard to the income tax system, I meant to drastically increase the rate of tax reduction for wage-earners earning less than Y6 million. I also meant to relax and make the necessary revisions on the question of tax deductions so as to meet the wishes of salaried workers. But I did not have the time to talk about that, and since the Diet was already in session, that was the way it ended. I meant to give the people enough time to deliberate on it at the Diet, solicit their criticism, and dispose of it in compliance with the people's wishes. This was my true intention. [laughter]

I really regret that the bill met its fate the way it did. In a sense, I am sorry and I apologize. [passage omitted]

[Reporter] My Prime Minister, could you please tell us when the extraordinary session will be convened, how long it will last, and what it will deal with?

[Nakasone] Today the government announced a package of emergency measures amounting to more than Y6 trillion. It envisages public works amounting to as much as Y2.45 trillion. It also envisages enormous projects totaling Y5 trillion, if all the projects of the Highway Corporation and the Housing Corporation and the disaster relief measures are combined. The fact that expenditures for public works amount to Y6 trillion in the regular annual budget, and Y5 trillion in a supplementary budget, shows how intensely the government is trying to help business recover. It will meet foreign countries' expectations regarding Japan. I think that we can tell other countries that we have taken a resolute action.

With that sort of enthusiasm the chief Cabinet secretary, the finance minister, and the Economic Planning Agency director-general stayed until late last night to work out the package. This package must be turned into a supplementary budget. In view of the time needed for compiling the budget and printing it, I think that an extraordinary session must be convened in early June, at the latest; of course, I mean early July. Of course, it is a question the government and opposition parties should discuss. Generally, the government takes the lead in convening an extraordinary Diet session. That is the general rule. However, I wish to convene it in early July with the consent of the opposition.

After taking care of the budget at the earliest possible time, I think we must waste no time in taking care of small and medium-sized businesses, which have been hard hit by the business slump resulting from the strong yen, to local areas where unemployment is a problem, and to rural areas where agriculture is not yet developed. The party and the Cabinet agree in carrying out tax reductions before anything else. [passage omitted]

[Reporter] How long do you want the session to last?

[Nakasone] This should be decided by the Diet, and the government is not supposed to talk about it. However, with the government having those problems in mind that I have mentioned, I think that the session needs to be long enough to deal with those problems.

[Reporter] I would like to ask you about the emergency economic measures and the supplementary budget. The emergency economic measures package of Y6 trillion was adopted today. How do you evaluate it, Mr Prime Minister? Originally it was said that the package would amount to Y5.3 trillion, but it was enlarged in scale to exceed Y6 trillion. What was the reason? My next question is how effective will the package be in helping reduce the so-called trade surplus.

[Nakasone] The emergency economic measures package, and particularly the scale of its budget, is a remarkably firm one. I am firmly convinced it will be good enough to cope with the business slump caused by the yen's appreciation and other countries will favorably view it, saying "Japan has done a good job."

Thus I have instructed officials to notify foreign ambassadors assigned to Japan and Japanese missions overseas that the party and the Cabinet have adopted the package. Notification will be made to the United States, Europe, and ASEAN as well.

When I and my Cabinet members visited abroad, we told foreigners that this time we would formulate a firm budget which could adequately contribute to business recovery. We drew up a budget which is completely in keeping with that commitment. I think we drew up a budget that is larger than that. We increased the budget from the original Y5 trillion to Y6 trillion. Expenditures for ordinary public works are scaled at Y2.45 trillion, an increase of nearly Y1 trillion; those for road construction were increased by Y100 billion and Y150 billion. Thus I believe that the package is rich in substance and adequate to contribute to business recovery.

However, some of the projects will be passed on to next year according to circumstances, and I am not sure if some of the funds will be completely spent or not. So, I think the money to be defrayed by central and local government agencies, with the government being ultimately accountable for it, amounts to Y5 trillion and several hundred million. A detailed analysis is now being made on this. But I think it will surely amount to Y5 trillion and several hundred million. As a result of this, it is estimated that the potential increase of the gross national product, or the potential increase of Japanese growth, will be a little less than 2 percent, at least.

To what extent will this help restore the trade balance? According to an estimate conducted this morning, it is expected to help adjust the trade balance about \$5 or \$6 billion. However, this is neither definite nor authoritative. It is only an estimate based on the calculation made this morning. [passage omitted].

[Reporter] The Venice summit will open on 8 June. Mr Prime Minister, we would like to hear about the basic position you will take at the summit.

[Nakasone] Not long ago, Italian Premier Fanfani came to Japan on the first leg of his tour. We talked about how we would proceed at the summit. In my talks with him, I told Mr Fanfani that the upcoming summit would be of great significance. The Tokyo summit last year was also very important because we had to deal with the problem of currency stability. It is very important that presidents and prime ministers of various countries decide on certain orientations and make pledges. The coming summit will be very important in another sense. That is because we are coming to a turning point when the whole world situation should be taken into consideration.

I told Mr Fanfani that we are now at a watershed. He said that the term, turning point, should be included in the political declaration. In other words, the summit will deal with the progress of the disarmament talks between the United States and the USSR, particularly with the so-called INF and the reduction of intermediate missiles equipped with warheads. In the process of abolishing or eliminating nuclear weapons, the upcoming summit and the negotiations between the two countries are of great significance.

As far as Japan is concerned, the main point of the issue will be whether or not the 100 units of Soviet SS-20's in Asia will be retained. How will this problem develop. I have strongly proposed that it should not be dealt with at Asia's expense, and President Reagan has agreed to it. He also emphasized that both the United States and the USSR would like to have the number of so-called INF, intermediate missiles equipped with warheads, reduced to zero. However, if the 100 units of these weapons should be retained in Asia, it would cause a very serious problem. In this connection, if missiles should be removed from Europe but the 100 units in Asia would be retained, it would become a very important problem for us. We would like to have this problem fully discussed at the summit.

Then, there is another problem, the world economy. Compared with the situation at the last summit, there is now a growing trend of protectionism in trade, particularly in the United States. In addition, trade imbalance has become more serious than before. Exchange rates, too, have changed rapidly, with rates becoming more unstable than before. It has also become more difficult to deal with the problem of debtor nations. In addition, there has emerged the Persian Gulf problem. Should anything happen to the oil supply, we will once again have a serious problem to worry about. When all these problems -- and particularly that of exchange rate stability is of great importance to Japan -- are taken into consideration, the upcoming summit is of great significance. We also have the problem of debtor nations and of keeping good relations with the developing countries. As a matter of fact, UNCTAD will hold its conference in July, with the developing countries getting together at a worldwide conference which has not been held for a long time. As the summit will be held prior to this conference, and since views will be exchanged at the summit on how to deal smoothly with relations between the major developing countries in the world on the one hand and the so-called advanced industrialized countries on the other, the coming summit will be of great significance. In this regard I feel that the views of the various top leaders should be fully reflected and a fully united and consolidated consensus be worked out.

[Reporter] In regard to the exchange rate problem you have just mentioned, do you think it will be necessary to bring up, at the summit, some new measures to prevent the depreciation of the dollar, other than those discussed at the recent Japan-U.S. summit talks?

[Nakasone] Concerning this issue, in addition to the G-5 forum, a G-7 forum was created at the Tokyo summit last year, and it was decided then that to stabilize the exchange rate, various measures, including the establishment of a monitoring system to constantly study and monitor rates, should be taken. As a result, finance ministers have been getting together for consultations on several occasions. To seek ways to unite all countries to further promote these measures as well as to further stabilize the exchange rate will be one of the major issues at the summit. It will be an issue of great significance to Japan too. In an effort to lead the way, I went not long ago to Washington to hold talks with President Reagan. In the names of the prime minister of Japan and the President of the United States, we issued a joint communique, in which we attached great importance to the exchange rate problem. This has not happened before.

Usually, the exchange rate problem ends up in a statement issued by finance ministers. At my strong request, this time we issued a joint statement specifically under the names of the prime minister and the President. In the communique, we stated that further depreciation of the dollar will have an influence on growth, an adverse impact on economic growth, both in the United States and in Japan, and will also slow correction of the trade imbalance. This is clearly stated in the communique. Thus, we, the prime minister and the President, stated our determination to have the yen-dollar rate stabilized on a long-term basis. This action was rather unprecedented.

In this context, various countries are now not only taking measures but are also implementing policies, such as those dealing with interest rates, to stabilize exchange rates. The yen-dollar rate stood at about 138 or 139 to 1 at that time, but today it stands at about 143 to 1. In general, the yen-dollar exchange rate has again regained its stability. The key to promoting trade to achieve economic recovery lies in the efforts of the whole world, particularly of Japan, the European countries, and the United States, to firmly achieve exchange rate stability. In this sense, I feel that we should make further efforts to find out what can be done to achieve long-term stability of the exchange rate and to carry out the decisions to be made at the upcoming summit.

[Reporter] The next question concerns the safety of navigation in the Persian Gulf. Currently, even some U.S. government officials, although probably only a few, are reportedly saying that Japan should assume greater responsibilities in defending the Persian Gulf. Taking into account Japan's position as the only western nation which maintains friendly relations with both Iran and Iraq, will it be possible for the prime minister to take the lead in suggesting measures to deal with the question of safe navigation in the Persian Gulf?

[Nakasone] This issue has perhaps become one that most summit participants are concerned with. Thus we can expect vivid discussions on this question. We plan to join in these discussions. However, when it comes to the question of Japan's contribution, what we can do will be limited by our Constitution. In other words, we have been requested to take nonmilitary and peaceful measures. And it will be of great importance whether or not our countrymen will welcome our taking such measures. In this connection, in accordance with our Constitution, Japan will probably decide on its own measures independently. However, the situation in the Persian Gulf is of great significance, and Japan is one of the countries that enjoy the greatest benefit because 55 percent of Japan's petroleum comes from the Persian Gulf, through the straits of Hormuz. In the world, Japan is a country that makes use of the Gulf most often. To secure safe navigation in the Persian Gulf, both the United States and Great Britain have dispatched warships to that area, while Japan has only sent tankers to bring back oil. In this connection, from the viewpoint of U.S. and British parliamentarians, Japan seems to be taking a lot for granted and getting a free ride, and I feel it is quite understandable that they should be making such arguments. Nonetheless, Japan has its own independent Constitution; thus Japanese action should be determined by Japan itself and not by instructions from foreign countries. However, as a member of the international community, Japan should always take into account that the international community constantly faces various problems. I think with Japan's good understanding of the international situation, and for the harmony of international society, Japan should take into serious consideration its own independent actions as well as its ways to make a contribution.

However, I am not going so far as to say that contributions of money or dispatch of personnel will be made shortly. I don't think the situation has developed that far. Anyway, the issue will be discussed at the summit.

since the whole world is concerned with the situation in the Persian Gulf and since many countries are sacrificing and sharing responsibility in settling this issue, Japan, as a member of the international community, cannot take a position of indifference by saying that it is none of our business, or that we only care whether our tankers can bring back oil, or that we only are about the safety of our tankers. To survive in this world, Japan should take actions within the limit of its Constitution while acting in ways that will carry the approval of the whole nation. Should there be any changes in the situation there, I feel that we must consult with our people and the opposition parties about what actions we could take and how we should make contributions.

Anyhow, at the present stage, we cannot ignore this issue. We must take it as a matter of great importance, and study in advance what actions Japan can take to deal with the issue. The United States has never mentioned even a single word about seeking Japan's military cooperation. It has been clearly stated at a press conference that since Japan has its own Constitution, there is a limit as to what Japan can do.

[Reporter] I would like to ask your view about the political situation. Mr Nikaido of the LDP's Tanaka faction has announced his intention to run in the LDP presidential election [words indistinct]. This seems to have caused confusion in the LDP as a whole. Mr Prime Minister, you have consistently made no comments on this issue. I would like to take this opportunity to ask your views on this issue.

[Nakasone] I am sorry, but I have to repeat I have no comments to make. Since this is an issue which concerns factions of the LDP, as prime minister and party president, I don't think it is appropriate for me to make remarks on an intrafaction issue.

[Reporter] I have a question concerning the following issue. Mr Prime Minister, your term as party president will come to an end on 30 October. Reportedly, some Cabinet members have mentioned that there will be no further extension of your term. Mr Prime Minister, would you tell us your own views on whether you should resign or continue in office?

[Nakasone] As I have said before, I myself will decide on my course of action. On when and what I will do, I will make a decision based on my conscience and my responsibilities.

[Reporter] This is a question based on supposition....

[Nakasone, interrupting] Furthermore, as president of the DP, I will abide by party regulations. I would like to clearly state my view on this point, too.

[Reporter] My question is a hypothetical one. Opinion in the LDP is divided on the selection of its next president, with some people saying that negotiations are better and some others favoring an election. What do you personally think of this question, Mr Prime Minister?

[Nakasone] It is not yet time for me to discuss this question. I will talk about it when the time is right. As party president, I am responsible for the political situation and other matters pertaining to the party's destiny. Therefore, when I find it necessary to speak on it, I will do so. However, it is not yet time to do so.

Some time ago I attended a meeting where I expressed my views. I said that Japan's position today is distinctly different from that of 5 years ago, 10 years ago, or 20 years ago. I said that the way Japan conducts its politics has also changed. Compared with the days when Messrs Kono, Ono, Sato, Ikeda, Kishi, or Miki were in power, today information technology has made remarkable progress and the level of people's knowledge has become very high. People's judgment has also become very sound, and even if husbands insist on turning right, wives will not readily turn right. Some will say that they will turn left. Information technology has made such remarkable progress and the people's level has risen so high that one would err if one did not conduct politics or manage a party with such people in mind. The number of salaried workers in large or medium-sized cities has drastically increased. Women have also taken up jobs in large numbers. Therefore, their level of knowledge has also become very high. It is the same with the youth. So, if you think of people today with the same frame of mind as that of 5 to 10 years ago, you will be grossly mistaken. Unless the LDP conducts its politics with adequate consideration given to those who have not been supporting it but are interested in it, as well as salaried workers and women in large or medium-sized cities, the party will have no future. [passage omitted]

Another point is Japan's international position has become extremely important and its responsibility extremely weighty. When you go abroad, you will find this out very clearly. However, people do not know very much about this. It is our duty to make the people know about this. Diet members must thoroughly know about this. The importance of Japan's international position and the weightiness of its obligations have become as heavy as those of the United States. As far as the economic field is concerned, Japan now has the heaviest responsibilities in the world and, in a certain sense, it has the strongest economy, almost surpassing the United States in this field. This is correct: In certain circumstances, Japan has more voice and assumes a heavier responsibility than the United States. I mean to say that Japan has grown so big and its responsibility so heavy that Japanese politics cannot be swayed just by certain development among factions of the LDP.

Therefore, if one thinks of Japan in the same way as when Messrs Kono, Ono, and Ikeda were in power, he is grossly mistaken. Japan today is different from how it was only 5 years ago. If one tries to set politics in motion or deal with international relations by considering the atmosphere in and around the Diet only, he will completely fail. A new era and a new world have opened in Japan. One should think of politics with that in mind. That is the way I have been thinking, and that is what I have been saying.

[Reporter] You said that political skills are particularly (?important) for leaders of the new era. However, Mr Nikaido and Mr Komoto make the criticism that in coping with the business slump due to the strong yen, Mr Nakasone's policies have been lagging behind. Behind the demand for Mr Nakasone's resignation, there is a call for policy change. What do you think of this point?

[Nakasone] I feel ashamed of the criticism. Probably it is due to my lack of virtue. However, as far as I am concerned, I have been trying to keep abreast of the times by learning about the daily trend of Japanese business as well as international business. However, the yen's appreciation has come too quickly. One of the causes for this was that Japanese exports increased too much and Japan's surplus built up too much. Because of the so-called J-curve, I thought that our exports would decrease, but they did not. Perhaps this is because Japan has the potential to export and its products are of excellent quality. Other countries lag behind Japan in those areas. In the case of the United States, its fiscal deficit is too large. This deficit has not yet been eliminated. These problems should also be taken into consideration.

In this sense, development of the objective situation has been much more rapid than we had anticipated. I must reflect on the fact that our forecast of these developments was inadequate. But again, developments were too rapid. I did everything in my power to work out measures to cope with them. The benefits of the strong yen were passed on to consumers; electricity and gas prices were lowered by as much as Y2 trillion; prices of whisky and other imported goods were reduced; and prices of beef were also considerably lowered.

Thus I have been doing my best to work out measures with the marginal profits arising from the strong yen. You probably thought that the package would amount to a little more than Y5 trillion. We told people of other countries that it would amount to Y5 trillion. But it actually exceeds Y6 trillion. This means that we have taken resolute action to cope with the situation. I intend to continue to be firm in coping with change.

[Reporter] Although we have many more questions to ask you, our time is up and this concludes the press conference.

[Nakasone] Thank you very much.

NAKASONE, PRC OFFICIAL DISCUSSES BILATERAL ISSUES

OW011251 Tokyo KYODO in English 1444 GMT 1 Jun 87

[Excerpts] Tokyo, June 1 KYODO -- A high-ranking Chinese Communist Party leader Monday stressed the need to maintain friendly Japan-China relations and expressed hope that Prime Minister Yasuhiro Nakasone will approach bilateral problems from a wider perspective, a Japanese official said. Han Nianlong, a member of the Chinese Communist Party's Central Advisory Commission now here to attend a private Japan-China meeting, told Nakasone during a courtesy call that relations between the two nations have developed rapidly. Han said Nakasone has handled bilateral issues properly so far and expressed hope for continued effective leadership on problems in the future. [passage omitted]

Nakasone said independent nations have different social systems and views. Han also reiterated the need to deal with bilateral issues on the basis of the 1972 Japan-China joint communique on the normalization of relations and the 1978 bilateral Peace and Friendship Treaty. The premier said both nations sometimes face problems but they should handle them for the benefit of Asia and the world. Nakasone called for closer contact among Korean peninsula nations in an effort to bring peace to the area. Nakasone also expressed hope that the Seoul olympics would be successful in improving North-South relations. Han also said China does not intend to alter the direction of its domestic reform program.

BANK GOVERNOR BRIEFS LEADER ON ECONOMIC SITUATION

OW021209 Tokyo KYODO in English 1203 GMT 2 Jun 87

[Text] Tokyo, June 2 KYODO -- Prime Minister Yasuhiro Nakasone Tuesday threw his support behind the view of Satoshi Sumita, governor of the Bank of Japan, that the central bank's official discount rate should not be reduced any further for the present.

Sumita told Nakasone that the central bank will maintain its easy money policy, government officials said. But he also said it is necessary to keep close tabs on the possible impact of easy credit on prices and corporate management. As examples, he mentioned an increase in money supply -- cash, bank deposits and certificates of deposit (CD) -- and a surge in prices of stocks, bonds and land. Sumita said any further cut in the official discount rate is inappropriate at the moment, the official said. Nakasone said he completely agrees with Sumita's view. The official discount rate has been successively cut since January last year, now standing at an all-time low of 2.5 percent a year.

Sumita told the prime minister that the domestic economy may be expected to recover gradually mainly on the strength of domestic demand since the appreciation of the yen against the dollar is apparently coming to a pause. He said that the yen's value is likely to remain basically stable because a difference between Japanese and U.S. interest rates has widened and U.S. Government officials have stopped trying to talk down the dollar, the officials said. Sumita made a regular report to the prime minister on the recent financial and economic situation.

VOLCKER RESIGNATION STUNS OFFICIALS, BROKERS

OW033057 Tokyo KYODO in English 0045 GMT 3 Jun 87

[Text] Tokyo, June 3 KYODO -- The abrupt departure of Paul Volcker, chairman of the Federal Reserve Board (FRB), caught Japanese officials and the foreign exchange market by surprise Wednesday. The news hit the Tokyo Foreign Exchange market where the U.S. dollar opened at 142.70 yen, down sharply from 145.20 yen at Tuesday's close.

A high-ranking Bank of Japan official described it as "a consequence beyond my imagination." But he was quick to add that the appointment of Alan Greenspan as Volcker's successor was "the most appropriate choice". Because he was the likeliest challenger for the FRB post before Volcker was reappointed four years ago. "There will be no radical change in U.S. monetary policy even after Greenspan swears in" said the central bank official who declined to be named. But some central bank officials voiced apprehension about future U.S. monetary policy after August due to Greenspan's long absence from government affairs. Greenspan has been a business consultant after serving as chairman of the Council of Economic Advisers under President Gerald Ford in 1974-76.

Foreign exchange dealers here registered shock at the Volcker departure, characterizing the event as "a destabilizing" factor. "It has made the future of U.S. monetary policy less certain and there will be a lot of speculators who sell dollars," a Tokyo dealer predicted.

Makoto Utsumi, director general of the Finance Ministry's International Finance Bureau, said Volcker is simply serving out his second term of office and is not being reappointed for another four-year stint.

He noted that many of FRB board members are Reagan appointees whose presence has made "Chairman Volcker's one-man show" difficult. Utsumi described Greenspan as a realistic man who strongly supports exchange rate stability. He forecast that the U.S. dollar's fall in money markets will be temporary.

Nakasone Sees No Policy Change

OW030151 Tokyo KYODO in English 0146 GMT 3 Jun 87

[Text] Tokyo, June 3 KYODO -- Prime Minister Yasuhiro Nakasone said Wednesday he expects no major policy change in the United States following the resignation of Paul Volcker as chairman of the Federal Reserve Board (FRB). Nakasone, commenting on the dollar's decline in early trading on the Tokyo money market Wednesday, said the dollar might return to its earlier level. The prime minister talked briefly with reporters at his official residence.

Bank Governor on Resignation

OW030803 Tokyo KYODO in English 0754 GMT 3 Jun 87

[Text] Tokyo, June 3 KYODO -- Japan expects no change in U.S. monetary policy following the resignation of U.S. Federal Reserve Board Chairman Paul Volcker, who is to step down at the end of his second four-year term in August, Satoshi Sumita, governor of the Bank of Japan, said Wednesday. He told a press conference that Volcker's successor, Alan Greenspan, former chairman of the Presidential Council of Economic Advisors, is the best choice for the job due to his excellent insight on economic issues. Sumita said he received a message from Edwin M. Trumans, the director of the board's International Finance Division, earlier Wednesday that there will be no change in U.S. monetary policies either at home or abroad after Volcker's resignation.

Sumita added, however, it was regrettable that Volcker declined to be re-elected for a third term as he had shown superb leadership in manipulating U.S. monetary policies. He said the U.S. Administration was definitely seeking stability in foreign exchange rates under the leadership of President Ronald Reagan and there was no doubt Greenspan would continue this policy. Commenting on the dollar's plunge following the announcement of Volcker's resignation, Sumita said the market reaction is only a temporary phenomenon and that the dollar will recover its strength shortly.

On the three-day monetary conference sponsored by the Bank of Japan that opened Wednesday, Sumita said he hopes in-depth discussions will be held on the current monetary system and an alternative exchange rate system such as one with fixed rates of some kind, an idea that has recently been proposed by a number of scholars. However, Sumita said he is purely neutral on discussions by monetary experts from 16 nations at the Federation of Economic Organizations (Keidanren) Hall.

Asked about the content of his discussion Monday with Bankamerica Chairman A.W. Clausen, Sumita said he did not receive any proposal from him on helping to finance bank rehabilitation programs. Sumita, however, said Clausen, former president of the World Bank, is meeting extensively with top leaders in Japan. Financial sources earlier told KYODO that Clausen will seek Japanese financial cooperation in funding the bank's reconstruction plan, including the issuance of preferred shares and subordinated debentures, each totaling some one billion dollars, during his visit which ends Thursday.

PLANS DRAFTED FOR RECYCLING TRADE SURPLUS

OW021311 Tokyo KYODO in English 1247 GMT 2 Jun 87

[Text] Tokyo, June 2 KYODO -- The government has drawn up plans for recycling 20 billion dollars out of Japan's huge trade surplus to developing countries over three years from the year, to be added to 10 billion dollars specified in similar plans announced late last year.

Prime Minister Yasuhiro Nakasone will explain the plans as well as a more than 6 trillion-yen package for boosting domestic demand at an annual economic summit of Japan and six other industrialized democracies to be held in Venice June 8-10, government officials said Tuesday. The 20 billion-dollar recycling and the expansion of domestic demand are key features of the government's "emergency economic package" announced last Friday. Of the 20 billion dollars, 8 billion dollars will be in additional contribution to the "special Japan fund" to be soon set up in the World Bank, contributions to the Inter-American Development Bank and the Asian Development Bank, and underwriting of bonds to be floated in Tokyo by international financial institutions. Of the rest, 3 billion dollars will be supplied as united loans of the Japan Export-Import Bank, and 9 billion dollars as joint loans of the World Bank and Japanese institutions concerned -- the Japan Export-Import Bank, the Overseas Economic Cooperation Fund and private banks, the officials said.

The 30 billion-dollar recycling plan is dubbed a Japanese version of the "Marshall Plan" carried out by the United States to help reconstruct European nations after World War II. The Japan Export-Import Bank has already concluded an agreement with the World Bank for joint loans to developing countries. Loan arrangements made so far under the agreement are 1.2 billion dollars to Indonesia (including 300 million dollars from private banks), and 300 million dollars to the Philippines. The World Bank issued 40 billion yen worth of yen-denominated "Daimyo Bonds" in the Tokyo market in April this year in a first move to set up the "special Japan fund." The "Daimyo Bond" combines the advantages of Euro-yen bonds and yen-denominated "Samurai Bonds" floated by foreign governments and businesses in Japan.

COUNTRY 'CANNOT PROVIDE ECONOMIC HELP' IN GULF

OW030323 Tokyo KYODO in English 0318 GMT 3 Jun 87

[Text] Tokyo, June 3 KYODO -- Japan cannot provide economic help to bolster U.S. efforts to protect shipping in the Persian Gulf, Cabinet Spokesman Masaharu Gotoda said Wednesday. Gotoda commented on a request from U.S. Secretary of State George Shultz who suggested that Japan, a major user of Gulf oil, could help diplomatically and economically. Gotoda, the chief cabinet secretary, told reporters Japan cannot provide funds to regions under armed conflicts (because of its war renouncing Constitution). Japan will continue its diplomatic efforts for an early end to the Iran-Iraq war, he said.

SPECULATION ON SANCTION LIFTING DECLINED

OW030501 Tokyo KYODO in English 0457 GMT 3 Jun 87

[Text] Tokyo, June 3 KYODO -- Chief Cabinet Secretary Masaharu Gotoda Wednesday declined to speculate as to when retaliatory tariffs imposed by the United States on imports of certain Japanese electrical products will be removed. Speaking to reporters, Gotoda said he hopes the U.S. will quickly acknowledge Japan's earnest efforts to observe the conditions of a bilateral agreement on semiconductor trade which Japan has allegedly violated. Following two days of subcabinet-level talks between Japanese and U.S. officials in Washington late last week, the U.S. has still made no comments on when the punitive tariffs will be removed. Gotoda suggested that Japanese and U.S. officials have different ways of interpreting market data supplied by Japan concerning chip prices in third-country markets and the degree to which U.S. chip makers have currently penetrated the Japanese market.

USSR'S KAPITSA SUPPORTS OLYMPIC COHOSTING PLAN

SK011022 Pyongyang KCNA in English 1017 GMT 1 Jun 87

[Text] Tokyo May 30 (KNS-KCNA) Mikhail Kapitsa, director of the Institute of Oriental Studies of the Academy of Sciences of the USSR, answering questions related with our country when he was interviewed by a reporter, said that there would be no change in the friendly relations between the Soviet Union and the Democratic People's Republic of Korea, according to the Japanese paper YOMIURI SHIMBUN May 29. Referring to the problem of the co-hosting of the Olympic games by the North and the South, he said:

The North-South co-hosting of the Olympic games is beneficial politically, too, in that it will build a bridge between the North and the South of Korea. There are many countries which have clarified their stand not to participate in the Olympic games if they are held only in the South. We should take this into deep consideration.

To avoid a confusion in the Olympiad, the Olympic games must be co-hosted by the North and the South.

YI KUN-MO SENDS CONDOLENCES TO ZHAO ZIYANG

SK021030 Pyongyang KCNA in English 1022 GMT 2 Jun 87

[Text] Pyongyang June 2 (KCNA) -- Comrade Yi Kun-mo, premier of the Administration Council, sent a message of sympathy to Comrade Zhao Ziyang, premier of the State Council of the People's Republic of China.

He expressed deep sympathy and condolence to the Chinese premier and government and the bereaved families of the victims and population of the afflicted area for the loss in human lives and flood damages caused by heavy rains in Guangdong Province, China.

Expressing the belief that the Chinese Government and people will recover from the flood damages and stabilize the life of the population of the afflicted area at an early date, he wished the Chinese premier greater success in his responsible work to build socialism with Chinese characteristics.

SPECIAL ARTICLE ON U.S. NUCLEAR 'WAR POLICY'

SK030040 Pyongyang Domestic Service in Korean 2138 GMT 1 Jun 87

[NODONG SINMUN 2 June special article: "A Trick To Justify the Nuclear War Policy"]

[Text] The great leader Comrade Kim Il-song has taught: Because of the U.S. imperialists' maneuvers for aggression and war, the dark clouds of nuclear war are heavily hanging over many continents of the earth, threatening the existence of mankind.

Today the danger of war is increasing all over the world, and peace and security are under a grave threat. This is totally attributable to the U.S. imperialists' policy of aggression and war. This notwithstanding, the U.S. imperialists are resorting to all types of tricks to justify their policy of nuclear war, shifting responsibility for aggravating the international situation and increasing the danger of nuclear war onto others.

One of these tricks is their vociferous babbling about the nonexistent threat from communism and their preposterous clamoring about their consequent offer of nuclear umbrellas for their allies and lackeys. They allege that their nuclear weapons, which have been forward deployed in South Korea, Japan, West Europe, and other areas under their rule by lackeys and allies, are nuclear umbrellas designed to protect the security of their followers and lackeys from the aggression of communism. The theory of protection under a nuclear umbrella is an outrageous sophism to deceive people and mock public opinion and an excuse to hide and justify the U.S. imperialists' policy of nuclear war.

In the nuclear era, only half-wits can talk about the offer of a nuclear umbrella or about nuclear protection under it. Today nuclear weapons have been piled high, and numerous means to deliver nuclear weapons anywhere have been developed. Also, a great number of nuclear armed forces have been deployed and nuclear confrontation has been sharpened. Wherever a nuclear war may break out under this situation, its influence will be extended worldwide, thus exerting catastrophic consequences on mankind. No nuclear umbrella can work in a nuclear war. This is general common sense.

Nevertheless, the U.S. ruling bunch and military circles have constantly raved about protection and the like under a so-called nuclear umbrella. This is really ridiculous. Why have the U.S. imperialists forward deployed nuclear weapons in the lands of their allies and areas under their rule through puppets? Is this, indeed, aimed at protecting their allies and lackeys with nuclear weapons? This is not true in the least. The U.S. imperialists are trying to appease the ruling bunches of their allies and the lackeys and deceive peoples by clamoring about protection under a nuclear umbrella in order to continuously forward deploy their nuclear weapons and hold fast on their allies and the lackeys countries as permanent forward nuclear bases designed to attack socialist countries. In addition, they are striving to constantly maintain their political and military domination and control over their followers and lackeys and inveigle them more deeply into their strategy of nuclear war.

No nuclear weapons from other countries have been deployed around the U.S. mainland, but numerous U.S. nuclear weapons have been deployed around socialist countries. This shows that the United States is trying to gain nuclear superiority and inflict a pre-emptive nuclear attack on socialist countries. Furthermore, the U.S. imperialists have secured their allies and the areas under their rule through lackeys as their forward nuclear bases and have turned them into the origins of a nuclear war to make these areas the first targets of retaliatory nuclear attacks in case a nuclear war breaks out. This is an out-and-out egotistic and exclusive strategy aimed at sacrificing their allies and lackeys in a nuclear war and in return for this, at avoiding damage.

Frankly speaking, the U.S. ruling clique pays no attention to national interests and security of the countries in the regions in whose forward areas it has deployed nuclear weapons.

In an interview with AP, former U.S. Director of CIA Turner said that the United States has no intention of defending Japan and Europe at the cost of Washington or New York.

Brandishing its nuclear umbrella, the United States is in fact accelerating the preparations for nuclear war behind the umbrella. Not only has it failed to pledge that it would not be the first to use nuclear weapons, but it also has not tried to hide the fact that it can use nuclear weapons in South Korea and Europe and some other places.

U.S. Secretary of Defense Weinberger has declared that South Korea is the forefront when it comes to U.S. strategy. Former U.S. Army Chief of Staff Meyer, sneaking into Seoul, openly prattled that U.S. troops stationed in South Korea would use nuclear weapons in an emergency.

Former NATO Commander Rodgers babbled that the principle of using nuclear weapons before anyone else will be a key to the war theory of the NATO bloc. In particular, the U.S. imperialists have turned South Korea into the Far East's largest nuclear forward base and the most dangerous source of war and are now running amok in their scheme to provoke nuclear war.

It is no longer a secret that the U.S. imperialists plant to deploy even the Pershing II and cruise missiles in South Korea in addition to the 1,000 nuclear weapons that have already been deployed there with which they are not content. In this way, the U.S. imperialists are about to mount a preemptive nuclear strike against our republic and, going one step further, other socialist countries by using South Korea as a base.

The "Team Spirit-87" joint military exercise conducted by the U.S. imperialists and the South Korean puppet clique was a nuclear test war designed to realize such a goal.

Because of the U.S. imperialists' scheme to provoke nuclear war, a serious situation is being created capable of triggering nuclear war at any time on the Korean peninsula. If the U.S. imperialists pull the trigger of a nuclear war in South Korea, the Korean peninsula will be turned into a battlefield of nuclear war, thereby plunging our people into a nuclear holocaust from which it is impossible to recover.

It is no accident that a South Korean democratic figure should say that nuclear weapons in South Korea "are not for the protection of us and that we will be the first to be struck at if another world war breaks out."

These facts lay bare the deceptive and false aspect of the theory of the protection by nuclear umbrella -- a theory babbled by the U.S. imperialists and their puppets. The offering of the nuclear umbrella by the United States only serves to intensify the nuclear arms race, exacerbate tension, and increase the danger of nuclear war. This is a criminal maneuver that jeopardizes and threatens peace and stability in the world.

Today, the people in the world are calling for peace, hoping to live in a world free from nuclear weapons and the danger of nuclear war.

For this reason, the people of the world are vigorously engaged in antiwar, antinuclear movements in various parts of the world, calling strongly for an end to nuclear testing, the realization of nuclear arms reduction, and an abolition of nuclear weapons.

Eliminating the danger of nuclear war on the Korean peninsula and guaranteeing lasting peace there is a pressing question necessary to preserve peace in Asia and in the world at large. In this context, turning the Korean peninsula into a nuclear-free, peace zone has emerged as an unavoidable demands which cannot be delayed for even a moment.

After putting forth a proposal for turning the Korean peninsula into a nuclear-free, peace zone, our party and government have been making positive efforts to eliminate the danger of nuclear war and guarantee peace and stability on the Korean peninsula. A broad range of social circles and people in the world are lending full support to and solidarity with this.

If the U.S. imperialists, running counter to such a trend of the times, accelerate their preparations for nuclear war while continuing to babble about the protection of a nuclear umbrella, they will not be able to avoid stronger denunciation and rejection from the people of the world.

NODONG SINMUN DENOUNCES U.S. USE OF OLYMPIC ISSUE

SK310846 Pyongyang KCNA in English 0834 GMT 31 May 87

["Olympics Must Not Be Used for Sinister Political and Military Purpose" -- KCNA headline]

[Text] Pyongyang May 31 (KCNA) -- NODONG SINMUN Sunday castigates the U.S. imperialists and the South Korean puppet clique for reducing Olympics to a means to justify their policy of aggression and war and exasperate tensions.

In a signed article the paper says:

The U.S. imperialists and the South Korean puppet clique are stepping up their military buildup and war preparations groundlessly carping on the North on the plea of Olympics. This reveals a dangerous attempt to unleash a new war of aggression against the DPRK.

Such criminal moves should be checked at once, the article points out, and goes on:

If the South Korean puppets foresee an actual danger of "provocation" against Olympics, why do they doggedly oppose the demand of the world that Olympics be cohosted by the North and the South of Korea?

Refusing to accept the DPRK's Olympic cohosting proposal itself proves that there is no danger of provocation from the North.

In case the 24th Olympics is cohosted by the North and the South of Korea, we will render wonderful facilities for all sports events to be held in Pyongyang.

We will warmly welcome the players, officials and tourists and all other foreigners coming to Pyongyang, and provide them with every convenience.

From the outset, the South Korean puppets decided to host '88 Olympics in Seoul for a sinister purpose to improve their public image, realize their wild ambition for long-term office, freeze the division of the country and create "two Koreas."

If the Olympics is held only in South Korea which is politically unstable and strongly smells of powder-reeking, it will result in further aggravating confrontation between the North and the South, heightening tensions, causing an irrevocable grave consequence and furthermore, leading Olympic movement to a crisis.

The U.S. imperialists and the Chon Tu-hwan group in the grip of political confusion and crisis due to the ever growing anti-U.S., anti-fascist struggle of the South Korean people, try to stage military moves with Olympics as a pretext to threaten the North and the South Korean people and bridge them over the crisis by force of arms.

This can not be, however, a way out for them.

CONSTRUCTION OF OLYMPIC VILLAGE ACCELERATED

SK021543 Pyongyang KCNA in English 1526 GMT 2 Jun 87

[Text] Pyongyang June 2 (KCNA) -- A new record is being created at the construction site of the Angol sports village in Pyongyang.

The builders are vigorously accelerating the construction project to successfully ensure the realisation of the North-South co-hosting of the 24th Olympic games and the 13th World Festival of Youth and Students. They are making a big stride forward in carrying out the plan of the party to build the sports village wonderfully and in a peculiar way.

Nine sports halls have clearly showed their grand outlines. The [word indistinct] assembling of the handball hall with 2,380 seats and the heavy game hall with 2,120 seats has been wound up and the inside plastering and fixture project are being accelerated there. The roofing project of the weightlifting hall, basketball hall and volleyball hall with 2,000 seats each is now in full swing. And the framework assembling of the table tennis hall with over 3,900 seats, light game hall with 4,000 seats, badminton hall with 3,000 seats and swimming pool with 3,370 seats is progressing at full steam at the final stage.

Successes are being registered at the construction site of outdoor stadiums. The construction of the Angol stadium with 25,000 seats and the archery ground is progressing at fast tempo and indoor sports halls and outdoor stadiums are being built splendidly in a grand and peculiar way to suit the modern aesthetic sentiments by embodying our party's idea of architectural beauty. Facilities will be fully provided to satisfactorily ensure all sports games and cultural and welfare service facilities to accord full conveniences to the spectators.

Besides, well-appointed refreshment halls for relieving fatigue and restaurants for sportsmen and other service facilities for sportsmen and spectators are also being built there.

The large angol sports village will be well harmonized with the scenic beauty of Mangyongdae to add to the beauty of the scenery around there and renew the looks of Pyongyang, the developing and thriving capital of revolution.

The day of the completion of the Angol sports village in Pyongyang is drawing near and near.

CHON REITERATES CALL FOR NORTH-SOUTH SUMMIT TALKS

SK030209 Seoul YONHAP in English 0157 GMT 3 Jun 87

[Text] Seoul, June 3 (YONHAP) -- South Korean President Chon Tu-hwan, renewing his call for an inter-Korean summit meeting, Wednesday said that Seoul is willing to discuss with Pyongyang the sharing of its economic and other achievements with North Korea. "Once the meeting of the top authorities of the two Koreas are held, the Republic of Korea is willing to discuss sincerely the matter of sharing the achievements in economy, technology and other fields with brethren in North Korea, in addition to other agenda items which had already been presented," Chon said. In order to discuss and solve all the key problems pending between the two Koreas, the inter-Korean summit meeting should be held as early as possible, Chon said. The president made the overture in an opening address to the fourth general meeting of the Advisory Council for the Peaceful Unification Policy. Chon is chairman of the council.

"North Korea should accept our encompassing proposal" with a sincere attitude, Chon said and urged that North Korea agree to the proposed summit meeting.

Chon also urged that North Korea participate in the Seoul Olympics. "It is the entire people's hope that the Seoul Olympics would serve as an epoch-making momentum for the national reconciliation of the Korean people before it becomes a festival of reconciliation between the East and the West," he said.

Touching on the debate of national reunification, the president said that the unification should be realized through peaceful and democratic procedures based on the liberal democratic system. "The radical leftist unification theories denying the liberal democratic system has been looming in some part of the society, thus requiring our watchful eyes," he said. "The unification we pursue is the construction of a unified democratic republic in which the ideals of liberty, democracy and welfare can be realized," he said.

The chief executive stressed that there must not be any differences between the ruling and opposition camps on this basic principle and that suprapartisan efforts and perception are required as never before at least where the unification issue is concerned.

He called for North Korea to give up all "destructive" activities designed to sabotage the Seoul Olympics and to destroy the Republic of Korea. Instead, the North should participate in the work of building the nation's glory and prosperity, he added.

He urged the council members to play a pivotal role in rallying the people's energy for the unification and noted that political and social stability and national unity plus a firm conviction for the unification are what is required more than anything else for us to consolidate the bottom for the national unification.

Unification Minister's Remarks

SK030025 Seoul YONHAP in English 0018 GMT 3 Jun 87

[Text] Seoul, June 3 (YONHAP) -- About 10,000 members of the Advisory Council for Peaceful Unification Policy Wednesday pledged to devote themselves to leading the public in the creation of a "sound" national opinion for reunification based on national reconciliation. In the fourth general conference, the council members also urged strongly that North Korea resume inter-Korean talks at an early date.

In a report to the conference delegates, Unification Minister Ho Mun-to said that the matter of reunifying the country, which is the biggest political task for the Korean people, is closer at hand thanks to the building-up of the national strength.

Although North Korea refuses the South's call for the resumption of dialogue now, it cannot ignore the Korean people's aspirations forever, Ho said. "Therefore,, the government will make efforts continuously with patience and magnanimity to bring the North Korean side to the table of dialogue," he added. The unification minister also said that "What we now need are not splits and disorder but harmony and stability."

The conference delegates, including those residing in foreign countries, adopted a four-point resolution, calling for halting indiscreet debate on unification and for removal of radical leftist ideology. During the conference, a total of 1,327 new members, including Choe Kyong-nok, former Korean ambassador to Japan, were given letters of appointment.

CHON NOMINATES NO TAE-U AS PRESIDENTIAL CANDIDATE

SK030013 Seoul THE KOREA TIMES in English 3 Jun 87 p 1

[Text] No Tae-u, chairman of the ruling Democratic Justice Party (DJP), will be recommended as the party's presidential candidate in a general session of its supreme decision-making council, scheduled for today.

All members of the DJP's Central Executive Council held the identical view to put up No, second in the ruling party's hierarchy, as presidential candidate at a dinner meeting at Chongwadae last night, according to DJP spokesman Kim Chong-nam.

In the top-level party-administration meeting, President Chon Tu-hwan, acting in the capacity of the ruling party's head, recommended No as the presidential candidate and his proposal was unanimously endorsed by the party's cadre staff.

"I arrived at the decision in consideration of the current difficult national situation and opinions from various walks of life that chairman No Tae-u is best fitted for the presidency.

"Accordingly, I hereby recommend chairman No, who has spearheaded reforms and national salvation, as presidential candidate of our party," Chon was quoted as saying.

As the President recommended No's candidacy, 29 members of the Central Executive Council expressed support for No with loud applause, an official present at the meeting said.

Among those on hand for the dinner meeting were National Assembly Speaker Yi Cha-hyong, DJP chairman No and Rep. Chang Song-man, vice speaker of the Assembly.

No, 55, a soldier-turned-politician, is most certainly to be officially nominated as the ruling party's next presidential candidate in its national convention slated for June 10.

Political sources observe that No is sure to be uncontested.

Emerging from the two-hour session, party officials said, "The Chongwadae meeting became an occasion to bring final agreement to the issue regarding the presidential candidate of the ruling party."

President Chon was quoted as saying that the June 10 national convention of the DJP will provide a decisive moment to establish a new tradition for the democratic development of this country.

"The coming DJP's convention should become a turning point to further speed up national development on a foundation of firm stability and national reconciliation, thus helping create a glorious history of the nation," they quoted Chon as saying.

Chon then called upon all DJP members to firmly unite for national development, with DJP's new presidential candidate No as the central figure.

The president was also quoted as asking the DJP to continue taking the initiative in steering politics with courage and firm conviction thus gaining a deep trust from the people.

They went on to say the participants also shared the view that the establishment of a tradition for peaceful change of government is the foremost task of the country to help genuine democracy take root.

No's installation as the presidential candidate is based on the common view of all members of the Executive council that the DJP's candidate should be a "man of firm determination and excellent leadership," political observers viewed.

No graduated from the Korea Military Academy in the 11th class and served as a commander in the Capital Garrison Command and Defense Security Command before his retirement from military service as a four-star general in 1981.

He played a crucial role in the birth of the current Fifth Republic government, along with Chon, and started his bureaucratic and political career in July, 1981, when he was named minister of state for political affairs.

He later served as sports minister, home minister and the president of the Seoul Olympic Organizing Committee before he joined the ruling party to assume chairmanship in February, 1985.

SEOUL PROSECUTION RELEASES 3 RDP MEMBERS

SK030121 Seoul YONHAP in English 0106 GMT 3 Jun 87

[Text] Seoul, June 3 (YONHAP) -- The Seoul prosecution Wednesday released the three main opposition party officials who were taken in Tuesday for questioning about the party's unification platform.

Yi Hyop, an inaugural member of the Reunification Democratic Party (RDP), said they told the prosecution that they took part in drafting the party's unification policy but they used the right of silence over other questions in accordance with a party instruction. The controversial platform says that the reunification of the divided Korean nation should be the primary national task, "transcending political ideology and system."

Earlier, prosecution said that the content echoes some doctrines of leftist-oriented dissident activists, violating the National Security Law because it tolerates any conditions of unifications, even communist terms.

During the investigation, Yi said, he found that the prosecution is preparing harsh judicial steps. Yi said that they will decide whether to comply with summonses or warrants of detention hereafter in line with their party's policy. The prosecutor also

plans to release another opposition platform drafter Yi Tae-ho later Wednesday, who was picked up Tuesday night. A prosecution official said that the prosecution will take action soon again against the four opposition officials soon by seeking warrants of detention for further investigation because the platform clearly violates the law.

DJP 'HURRIEDLY' FORMS RELIGIOUS WORK TEAMS

SK021057 Seoul TONG-A ILBO in Korean 2 Jun 87 p 1

[Text] Attaching importance to the movement by the religious groups regarding the current political situation, which is increasingly becoming pan-religious in nature and is spreading rapidly into other religious denominations, the DJP hurriedly formed three teams to deal with the three largest religious groupings in our country -- Protestantisms, Catholicism, and Buddhism -- and put them into operation beginning 2 June to find means to successfully deal with them.

The DJP appointed Chang Song-man, Yu Hak-song, and Kwon Ik-hyon to head the Protestant team, Catholic team, and Buddhist team respectively. The teams held their first meeting chaired by DJP Chairman No Tae-u on the afternoon of 1 June, and today they discussed their individual strategies.

EDITORIAL DENOUNCES 'STRONG-ARM' POLITICS

SK021116 Seoul CHUNGANG ILBO in Korean 2 Jun 87 p 2

[Editorial: "Hardline, Strong-Arm, Stand Alone Cannot Solve the Difficulties"]

[Text] The political situation, which would normally have entered a summer period of inactivity, shows no signs of untangling. Instead, it is becoming more tangled and is now moving toward a standoff.

Both the ruling and opposition parties are now concentrating their partisan efforts on the showdown slated for 10 June. They seem to have neither energy nor time to take care of other affairs.

This very day, 2 June, the DJP plans to nominate its presidential candidate by holding its national convention, and the National Coalition for a Democratic Constitution [NCDC], and organization run by the Reunification Democratic Party [RDP] and off-stage forces, will hold a pan-national meeting to denounce the police cover-up in the torture death of Pak Chong-chol, demand revocation of the moratorium on debate concerning constitutional revision, and to achieve a democratic Constitution through struggle.

In the absence of a dramatic compromise, a head-on collision between the rival parties is inevitable, and the innocent people will have no choice but to suffer inconveniences caused by traffic jams; their eyes redened by tear gas.

A dialogue between DJP Chairman No Tae-u and RDP President Kim Yong-sam, which had seemed to be a real possibility, seems to have been moved beyond their reach. The extraordinary session of the National Assembly, called for by the three opposition parties -- the RDP, the NKDP, and the KNP -- will probably be held. However, as the ruling party has hardened its decision not to participate, it will certainly be an nonfunctioning house session.

Further, the RDP platform issue dealing with unification policy, which has been dormant for some time, has not become another factor chilling the political situation, as the Prosecutor's Office has taken the platform framers into custody.

The government and ruling party seem to have returned to their former hardline position of countering with government power whatever move the opposition may make. Accordingly, the opposition seems to be moving toward a head-on collision with the ruling party and government by choosing to take to the streets in league with the off-stage political forces.

Although we have stressed time after time that the primary mission of politics is to provide peace for the people so that they can go about business as usual without worrying, we now realize that our pleas have fallen on deaf ears. Nevertheless, under no circumstances can we afford to give up hope, because ours is not a land that a handful of politicians or political factions can take to themselves, but a workshop in which the entire population must survive.

Such being the case, we now find it absolutely necessary for us to call again on the politicians of both sides to positively work out means to avoid the formidable head-on collision between political rivals which will lead to indescribable consequences and disasters. It may be a little belated, but never too late.

Where there is a will, there is a way. The question is whether the politicians have the will and find it pressing to avoid disasters of a national magnitude.

Of course, the easiest way one can think of is to believe that it can unilaterally force its own way through. However, using force to achieve one's own way is not a genuine method to solve things. Even though it is not realistic to exclude force when it comes to politics, it is equally dangerous and childish to think that force talks louder than reason. The course of debating constitutional revision in the wake of the 12 February general elections proves this.

From the ruling party's point of view, nothing could be more important to the ruling party at this juncture. Also, nominating a presidential candidate for the next term of presidential office when the incumbent is in office could be very significant.

However, what counts more is not the party's national convention, where the presidential candidate is picked, but what is to follow the nomination. Without public consent and support, the ruling party's national convention will be nothing more than the governing party's private party.

The DJP is the party which takes the lead in steering the country, as the party has often claimed. When it has finished the nomination of the next presidential candidate, its responsibility will become unbearable.

In proportion, the DJP should feel more constrained and more self-respect, and try to find ways to bring the political situation under control by putting its actions in perspective. If the opposition rallies are totally isolated and therefore can not be held and the ruling party's national convention is held in a festive mood, how will the people view them? The ruling party should ponder this. Will it also be seen as a festival in their eyes? Simply put, the police cover-up in the torture death of Pak Chong-chol, an example of abuse of government power, has returned to the ruling party as a political liability. The ruling party should remember this lesson.

Admittedly, there are difficulties in solving problems reasonably. But one thing is clear -- the hardline, strong-arm standoff between the rival parties backed by the use of force will never serve as a means to bring the current difficult political situation under control.

AMNESTY ACCUSES PRK, SRV OF TORTURE OF 'THOUSANDS'

BANGKOK POST Reports

BK030137 Bangkok BANGKOK POST in English 3 June 87 p 1

[Text] Thousands of political prisoners held without trial in Kampuchea have been tortured in recent years, with some confined in "coffin-like" cells and underground chambers, according to a report by Amnesty International.

The international human rights organisation charged that political prisoners were being detained and tortured by both personnel of the Phnom Penh government of Heng Samrin and Vietnam in centres throughout the country.

"Any activity felt to be subversive can be reason to arrest, imprison and torture someone," the report quoted a former prison interrogator as saying.

Other former officials were quoted as saying that they followed the maxim: "it is okay to arrest someone by mistake, as long as no one is released by mistake."

The report cited the case of two women arrested for circulating leaflets describing the appearance of an "ox god." The two were accused of invoking Kampuchean mythology to suggest a change of government.

In another case, the authorities were said to have arrested a man for "treason" because he argued about the official version of Kampuchean history.

Amnesty said although many Kampucheans were detained on charges of armed opposition, many political prisoners did not take part in the armed struggle and a number were prisoners of conscience.

Political prisoners arrested in recent years included former members of the Heng Samrin regime, military and police officers suspected of changing sides, farmers, fishermen, factory workers and former students, teachers and Buddhist monks.

Amnesty said the guilt or innocence of the vast majority appeared to have been arbitrarily decided by the arresting or interrogating authorities. It said only one political trial had been made public since 1983.

Torture, Amnesty claimed, was used to extract "confessions" to get information on other suspected opponents of the authorities.

The methods included beatings with sharp-edged wooden staves and iron bars, whippings with chain and rubber hose, electric shocks, burning with hot irons and near suffocation with plastic bags.

The organization said it had received reports that 34 prisoners died after interrogation, mostly from inadequate medical treatment for injuries caused by torture, lack of food, or grossly insanitary prison conditions.

It said political prisoners undergoing interrogation were often held for long periods in small, dark, poorly ventilated cells, some underground. Old toilet stalls were converted into cells. Some cells were less than a metre wide and 1 1/2 metres high.

A former prisoner was quoted as saying that such confinement "was like being in a coffin."

Prisoners were shackled hand and foot for long periods in solitary confinement, hearing from neighbouring cells only "the sounds of moans, vomiting and coughing."

AFP Reports

BK010800 Hong Kong AFP in English 0743 GMT 1 Jun 87

[Text] Bangkok, June 1 (AFP) -- Thousands of political prisoners in Cambodia have been tortured or detained without trial in inhuman conditions since 1979, according to an Amnesty International report released Wednesday.

The London-based human rights organization said in its report that thousands of alleged political opponents of the pro-Vietnamese regime in Phnom Penh have suffered in prisons and detention centres throughout Cambodia.

Amnesty said it had received detailed evidence of 46 cases in which people died during or after interrogation, and put the blame on the Phnom Penh authorities and Vietnamese personnel.

It said it had made repeated appeals to the Phnom Penh government to end human rights abuses but had received no response. Amnesty called on the Vietnamese authorities to investigate allegations that their personnel have taken part in or tolerated torture.

The report on political imprisonment and torture in Cambodia was based on 220 lengthy interviews conducted in 1985 and 1986 with former political prisoners and former officials of the Phnom Penh regime, Amnesty said.

Official documents and non-governmental sources of several nationalities also contributed to the report, the human rights organization added.

Amnesty, whose research teams have been denied authorization to carry out on-the-spot investigations in Cambodia, said it had compiled a list of more than 400 men and women believed to be imprisoned on political grounds in Cambodia and had catalogued comprehensive data on 100 of them.

It said the thousands of political prisoners seized in recent years in Cambodia, many of whom have never taken part in violence, include former Phnom Penh officials suspected of changing sides, farmers, fishermen, workers, students, teachers and Buddhist monks.

While only one political trial has been made public since 1983, the human rights organization said it had documented evidence that torture is used to extract "confessions" or get information on other suspected opponents.

The methods include beatings with sharp-edged wooden staves and iron bars, whippings with chains and rubber hoses, electric shocks, burning with hot irons and near-suffocation with plastic bags, the report said.

Political prisoners undergoing interrogation are often held for long periods in small, dark, poorly ventilated cells, some of which are underground, and some of which are merely toilet stalls converted into cells, the report added.

Prisoners have been shackled hand and foot for long periods in solitary confinement, hearing from neighbouring cells only "the sounds of moans, vomiting and coughing," the report said.

Amnesty said that Buddhist pagodas in the northwestern province of Batambang and a school named after Cambodian Prince Norodom Sihanouk in the eastern province of Kampong Cham have been reportedly turned into interrogation and detention centres.

Amnesty recalled that it has been actively concerned about human rights violations in Cambodia for more than a decade, having made public its information about widespread killings and torture under the Khmer Rouge regime which was in power in Cambodia prior to the Vietnamese occupation.

The report also expressed concern about "gross human rights abuses, including political killings and torture," attributed to members of the united nations-recognized Coalition Government of Democratic Kampuchea (CGDK) in Cambodia and in refugee camps under CGDK jurisdiction in Thailand.

The tripartite Cambodian resistance coalition fields an estimated 50,000 Chinese-armed guerrillas against some 140,000 Vietnamese troops occupying Cambodia since late 1978.

DPRK PRESIDENT THANKS SIHANOUK FOR GREETINGS

BK280240 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT 27 May 87

["Text" of reply message from DPRK President Kim Il-Song to DK President Norodom Sihanouk]

[Text] Samdech:

I would like once again to express profound thanks to you for your warm and sincere greetings and best wishes extended to me on my 75th birthday and for your active support to my people in their struggle for the independent and peaceful reunification of our fatherland.

I am convinced that the close friendship between us who are carrying out our joint mission against imperialism and for independence will further develop.

On this occasion, I sincerely wish you greater victories in your patriotic mission.

[Signed] Kim Il-Song, president of the DPRK

[Dated] Pyongyang, 28 May 1987

USSR OFFERS LAUNCHING OF COMMUNICATIONS SATELLITE

OW021139 Tokyo KYODO in English 1033 GMT 2 Jun 87

[Text] Jakarta, June 2 KYODO -- The Soviet Government Tuesday officially offered to launch Indonesia's new Palapa B-2R telecommunications satellite should the U.S. find itself unable to do so by the scheduled 1990 launch date, Indonesian government officials said. The offer was made by Soviet Ambassador Vladimir Semenov to Achmad Tahir, Indonesia's minister of tourism, post and telecommunication.

The U.S.-made B-2R Palapa is to be launched in Houston in 1990 to replace the Palapa B-1 under a pledge made in mid-May by U.S. Secretary of State George Shultz during a meeting with Indonesian Foreign Minister Mokhtar Kusumaatmaja in Washington.

Semenov said however, that the United States presently has no vehicle available to launch the satellite. He also said Indonesia's first female astronaut, Pratiwi Sudarmono, can join Soviet astronauts as those from France, Mongolia, India and Vietnam have previously done. "We would be very happy if a woman astronaut joins us," he said.

Sudarmono underwent three-months of training at the National Aeronautics and Space Administration in Houston early last year and was scheduled to board the U.S. shuttle in June 1986 as a "payload specialist."

However, the planned launch was cancelled following the Challenger disaster. She is now expected to join a U.S. shuttle crew in 1989.

MINISTER AGREES TO MEET MORO DELEGATION

BK020955 Jakarta SUARA PEMBARUAN in Indonesian 22 May 87 pp 1,16

[Excerpts] Jakarta, 22 May -- Indonesia is ready to comply with a request by the Philippines to receive a delegation of the Moro National Liberation Front, MNLF, and hold talks with the delegation to enable Indonesia to give its views on how to solve the 14-year old conflict.

Sudharmono, secretary general of the Foreign Affairs Department made the remarks after meeting with Philippine special envoy Emmanuel Pelaez at the Foreign Affairs Department on Thursday [21 May]. He said that if there is a chance to meet with the MNLF representatives, Indonesia will explain the need to reach a settlement to the conflict, adding that the MNLF is always welcome to come and discuss things with Indonesian leaders. However, Indonesia will not take the initiative to invite them to come to the country.

Religious Affairs Minister Munawir Syadzali, who met Emmanuel Pelaez afterwards, also expressed his readiness to help find a solution to the Moro issue. [passage omitted]

Sudharmono stressed that while Indonesia supports the autonomy aspirations of the Moro Muslim minority, it does not support the movement for the establishment of a separate state. He said: "If the Philippines thinks we have a role to play on this matter, we should be given sufficient information so we can play that role well. However, one thing to remember is that in helping the Philippines solve the problem, Indonesia always holds the view that the Moro issue is an internal affairs of the Philippines." [passage omitted]

THAI REPORT ON BORDER ATTACKS DISPUTED

BK021439 Vientiane Domestic Service in Lao 1400 GMT 2 Jun 87

[Text] THAI R/T and BAN MUANG newspapers, published and sold in Bangkok on 2 June, published a report based on a Thai 3rd Army Region source charging that at 1200 on 31 May a number of Lao troops encircled Romklao village in Thailand's Nan Province and fired on this village, wounding three of the so-called Thai rangers and killing one villager. The report also says that the Lao troops have continued to surround the village.

The fabrication of such a groundless story has been made regularly by the ultrarightist reactionaries in the Thai ruling circles and has been reported by some Thai mass media. Thai reactionaries' slander against Laos had been made in the past when the domestic situation in Thailand became confused for the purpose of diverting public criticism. Such slander also took place while authorities of the two countries were seeking ways to improve and normalize bilateral relations.

SOMLAT CHANTHAMAT RECEIVES CPV DELEGATION

PK281115 Vientiane KPL in English 0903 GMT 28 May 87

[Text] Vientiane, May 28 (KPL) -- Somlat Chanthamat, secretary of the LPRP CC and head of its propaganda and training board, received here, on May 27, a delegation of the propaganda and training board of the CPV headed by Hoang Dinh Tuyen, deputy-director of the High Party School No 10 of the CPV.

The two sides exchanged views on their activities in the past and at present aimed at strengthening the special solidarity and friendship between Laos and Vietnam in general and between the two propaganda and training boards in particular.

Somlat Chanthamat also highlighted the success of the Vietnamese delegation's visit to the Lao PDR.

While in Laos, the Vietnamese delegation conferred with officials of the propaganda and training board of the LPRP CC, toured some factories and agri-cooperatives in Vientiane, and visited the southern province of Champassak.

The Vietnamese delegation left here today ending its 9-day visit to the Lao PDR.

NEW ENVOYS TO SOCIALIST COUNTRIES GIVEN CREDENTIALS

BK270527 Vientiane Domestic Service in Lao 0000 GMT 27 May 87

[Text] On the afternoon of 26 May, Comrade Kaysone Phomvihane, general secretary of the LPRP Central Committee and chairman of the Council of Ministers of the LPDR, received a courtesy call from four Lao ambassadors, namely Thongdam Manivan, Khamphet Pan-gnachak, Samlit Chounla, and Chaleun Valinthasak, who have been designated to take the post of ambassador extraordinary and plenipotentiary of the LPDR to the Hungarian People's Republic, the CSSR, the Republic of Cuba, and the People's Republic of Bulgaria respectively. Before paying the courtesy call on Comrade Kaysone Phomvihane, these newly designated Lao ambassadors were given their credentials by Phoumi Vongvichit, acting president of the republic.

On this occasion, Comrade General Secretary Kaysone Phomvihane addressed and gave suggestions to the ambassadors. He stressed the roles and responsibility as well as the significance and qualifications of diplomats. He also called on all of them to persist in efforts to overcome all difficulties and to attentively fulfill the tasks entrusted by the party, state, and people in a high spirit of responsibility in order to contribute to effectively implementing the foreign policy adopted by our party and state and to further strengthening the solidarity, friendship, and cooperation with those fraternal socialist countries.

In conclusion, the comrade general secretary wished the four ambassadors glorious success in performing their new duties.

SALI VONGKHAMSAO ATTENDS BUSINESS AUTONOMY MEETING

BK011110 Vientiane Domestic Service in Lao 0000 GMT 28 May 87

[Text] A 1-week conference on business autonomy for four southern provinces successfully ended on 21 May in Pakse District, Champassak Province.

At this conference business cadres in four southern provinces: Champassak, Attapeu, Saravane, and Sekong Provinces, studied documents on the socialist business management mechanism renovated in accordance with the new way of thinking, including the labor and wage issues. The main documents deal with the reorganization of labor, reorganization of production units, reorganization and simplification of management apparatuses in various business companies in order to make them more efficient and reduce the rate of indirect producers, organization of wages based on production and contracts, and training of skilled labor and engineers. Other important documents concerned were also studied.

On this occasion, Sali Vongkhamhao, vice chairman of the Council of Ministers and head of the central-level committee in charge of guiding the shift toward business autonomy, delivered a speech. He emphasized the fundamental attitude on the contents and main factors for the renovation of the economic management mechanism in accordance with the new way of thinking. He particularly emphasized the concrete lessons gained by the companies and enterprises that have successfully applied the socialist business accounting in accordance with the new mechanism. At the same time, he called on all businessmen to firmly and deeply grasp the spirit and contents of the decision No 08 of the Council of Ministers regarding the application of the socialist business accounting by economic units throughout the country.

BRIEFS

FRONT DELEGATION RETURNS -- Vientiane, May 28 (KPL) -- A delegation of the Lao Front for National Construction led by its vice-chairman, Bolang Boualapha, member of the party CC, returned here on May 26 from friendly visits to Poland, Bulgaria and Hungary. The delegation attended the second conference of the Organization for the Revival of the Polish People's Republic held in Warsaw on May 8-10 and the 10th conference of the Bulgarian Fatherland Front held in Sofia on May 14-15. The delegation also visited the Hungarian People's Republic at the invitation of the Hungarian Patriotic People's Front. [Text] [Vientiane KPL English 0907 GMT 28 May 87 BK]

AQUINO TO ORDER CREATION OF 'CITIZENS ARMY'

HK021521 Quezon City MALAYA in English 2 Jun 87 pp 1, 2

[By Joel Paredes]

[Text] A citizens army patterned after the one in Israel will be ordered formed within the week by President Aquino to beef up the 250,000 strong Armed Forces, a Palace official said yesterday.

The Israel government requires all Israeli citizens, male and female, to undergo formal military training when they reach the age of 20 years. They form the citizens army which is integrated into the regular armed forces in the event of war, Deputy Executive Secretary Catalino Macaraeg said.

However, Macaraeg said the president has not yet decided on the issue of compulsory military training for Filipino youths.

Macaraeg told MALAYA that the president will integrate the reservists into the regular AFP [Armed Forces of the Philippines] under an executive order on the creation of the citizens army.

With the formation of the citizens army, Macaraeg said, the government can now start the "gradual phasing out of the Civilian Home Defense Forces [CHDF] which was ordered abolished by the 1986 constitution.

Macaraeg, who was ordered by the president to make some "refinements" on the defense department's proposal, said the president would sign the executive order "any day now."

The president is also expected to sign an executive order formally abolishing the CHDF.

However, Macaraeg would not say, if the government will require compulsory military training for citizens as is being done in Israel.

"But our citizens army is going to be like that of Israel," he said.

But Defense Secretary Rafael Ileto said that the compulsory military training for citizens is now being studied by the government.

Ileto said the government may require compulsory training for citizens 20 years old and above when he submitted his proposal on the CHDF to the Palace last month.

Ileto said all Filipinos will surely be mobilized into a citizens army when the country gets involved in war.

Ruled out in the citizens army concept, Macaraeg said, is the involvement of the citizens volunteer groups who call themselves "vigilantes" fighting communist insurgency.

However, Macaraeg said, the proposal on the vigilantes is yet to be finalized by the president.

MNLF ASSISTS SOLDIERS IN CLASH WITH NPA

HK021344 Hong Kong AFP in English 1252 GMT 2 Jun 87

[Text] Manila, June 2 (AFP) -- Moslem guerrillas helped an army unit fight a communist rebel band in a southern province, leaving 15 communist insurgents dead, the official PHILIPPINE NEWS AGENCY (PNA) reported here Tuesday. The clash near Maasim Town in the south Cotabato Province, Mindanao Island, Saturday marked the first time the Armed Forces and the Moro National Liberation Front (MNLF) had joined forces against the communist New People's Army (NPA), the news agency said.

The 60-strong NPA band had attacked an army unit on its way to a village outpost. The soldiers returned fire and killed five rebels, PNA said, citing a local military commander.

MNLF Commander Ettoh Salem, based nearby, sent his men to fight alongside the government troops, and 10 more communist guerrillas were slain, it added.

The military have been observing a nine-month-old ceasefire with the MNLF which had waged a 14-year-long guerrilla campaign for a separate Moslem state in Mindanao and other southern islands.

The MNLF, which suspended peace negotiations with Manila last month, has signalled its intention to renew the talks, which centre on the grant of autonomy for the south.

Meanwhile, up to 1,000 NPA guerillas were holding the male residents of four northern villages hostage Tuesday, following an attack Monday on the northern town of Rizal in Cagayan Province, during which they executed a policeman and killed two civilians, PNA reported. The rebels mined major roads and bridges leading to the town, some 350 kilometres (210 miles) north of here, and set alight the house of the former town mayor and five vehicles, PNA said, citing local military reports.

Military spokesmen here could not immediately confirm the report.

MUSLIM AUTONOMY: GOVERNMENT, MUSLIMS ORGANIZE

Muslim Groups Form Panel

HK021327 Manila MANILA BULLETIN in English 31 May 87 pp 1, 18

[By Tony Pe. Rimando]

[Text] Cotabato City -- Acting Chairman Zacaria A. Candao of Central Mindanao autonomous government's regional executive Council announced here yesterday the organization soon of a common panel composed of the major Muslim rebel groups demanding autonomy in Southern Philippines.

Candao, governor of Maguindanao, said he had received a reliable report that the formation of the common panel was recommended by the Organization of Islamic Conference (OIC).

The panel, according to Candao, will represent the Moro National Liberation Front (MNLF) headed by Nur Misuari, the Moro Islamic Liberation Front (MILF) led by Hashim Salamat, and the MNLF reformist group under Dimas Pundato in the stalled peace negotiations with the government.

Candao said the MNLF was reportedly trying to contact Salamat, believed to be in Jeddah, and Pundato for a meeting with Misuari who is now in Maimbong, Sulu.

"This is a strong indication that the Mindanao peace and order problem is nearing its solution," Candao said. He was the legal adviser of Misuari in forging the 1976 Tripoli agreement.

Candao stressed that "there can never be a comprehensive solution to the southern Philippines problem unless all the three major Muslim dissident groups are represented in the negotiations."

Candao described the stalled negotiations as only "an impasse" which is expected to resume very soon.

What is obvious, Candao said, is that both government and MNLF panels are sincere in their respective efforts to search for more lasting solutions to the problem.

The MNLF has opposed the holding of a referendum in the 13 provinces of the two autonomous regions of Central and Western Mindanao to determine the people's view on the issue.

But Ambassador Emmanuel Pelaez said that under the new Constitution, autonomy in any part of Mindanao shall only be given with the approval of the majority of the affected inhabitants through a plebiscite.

"We, Christians and Muslims alike, all want peace and tranquility," Candao said. "Nobody favors war and disorder. We have had enough of them in the past."

Area Governments Strengthened

HK021503 Manila MANILA BULLETIN in English 2 Jun 87 pp 1, 12

[Text] The national government will strengthen the two autonomous governments in Mindanao to accelerate the socio-economic development of the area following the impasse in the peace talks with the Moro National Liberation Front (MNLF).

Lupong Tagapagpaganap ng Pook (LTP) [Regional Executive Council] Chairman Elnorita P. Tugung said President Aquino made this commitment to the top officials of the Western Mindanao regional autonomous government when they called on her in Malacanang the other day. Tugung is also regional chairman of Lakas ng Bansa.

The President will consider three major proposals to boost the political powers and logistical resources of the autonomous governments. These proposals are:

1. Increasing the budget by no less than 20 percent.
2. Filing all existing vacancies in the Regional Executive Council and the Regional Legislative Assembly.
3. Organizing the consultative commission that will help Congress flesh out the Muslim autonomy for Southern Philippines.

During the meeting, the President told the autonomous government officials that the government will stand pat on its position that any new form of autonomy in Mindanao will have to abide by the provisions of the 1986 Constitution.

Mrs. Tugung said the President instructed the regional government officials of Western Mindanao to launch new consultations with political and sectoral leaders to project the national government's commitment to establish local autonomy in Southern Philippines as mandated by the Constitution. These consultations are expected to generate popular support for autonomy that would hasten the stabilization of the region, the President said.

In a separate meeting in Manila last Wednesday, government chief negotiator Ambassador Emmanuel Pelaez told the same group of regional officials that while the government will continue to hold the door for a peaceful negotiation open to the MNLF, the Muslim rebels will now have to also address their demands to the Congress and not to Malacanang alone.

The Congress will convene in July.

Meantime, the government will maintain a diplomatic dialogue with the Organization of the Islamic Conference (OIC) to explain its position on the stalled peace negotiations, Mrs. Tugung said.

Pelaez also urged the autonomous government officials to now actively involve more and diverse segments of their constituents for the determination of, and support to, local political autonomy.

President Aquino, Mrs. Tugung said, will now accept recommendations from the various sectors and provinces in Western Mindanao for nominees to fill up the 10 vacancies for regional assemblymen in the Batasang Pampook [Regional Assembly] and the two vacancies in the LTP.

Demands Rejected

HK030201 Manila Far East Broadcasting Company in English 2300 GMT 2 Jun 87

[Text] The government has rejected the demand by Muslim separatists to set up a Mindanao government by decree under MNLF Chairman Nur Misuari. Government chief negotiator Ambassador Emmanuel Pelaez said the government has to reject the demand because it would mean setting up a 1-man dictatorship in Mindanao. However he said he is studying the offer made by MNLF chief negotiator Habib Mohammed Hashim to resume the stalled peace talks in Jeddah, Saudi Arabia. He said he will make a recommendation to President Aquino on that proposal. The talks between the government and the MNLF bogged down last month due to the Muslim rebels' demand that an autonomous government be set up in Mindanao without any referendum. The MNLF also insisted that the autonomy cover Mindanao's 23 provinces, whereas in the Tripoli Agreement only 13 Muslim-dominated provinces are supported to have autonomous governments [as heard]. Pelaez described those demands as unreasonable.

MURDER CHARGES FILED AGAINST 42 SOLDIERS

HK030422 Quezon City Radyo ng Bayan in Tagalong 0330 GMT 3 Jun 87

[Text] Philippine Army investigators have filed murder charges against 42 soldiers involved in the killing of 17 civilians. This was announced yesterday by a military Inquiry Commission.

According to Commission Chief Colonel Pedro Juachon, the commission recommended that the soldiers be court-martialed after they refused to give details about the killings committed in a remote Nueva Ecija town last February. Survivors of that incident said many homes were burned and the victims were mainly children. Seven members of a family were shot inside their home.

LAND REFORM PROGRAM TO COST 70.29 BILLION PESOS

HK021443 Quezon City BUSINESS DAY in English 2 Jun 87 p 3

[Text] The planned comprehensive agrarian reform program will cost the government P45.72 billion during its first six years and a total P70.29 billion by the time Land Bank bonds are fully redeemed in the year 2002, according to recently released documents of the Inter-Agency Task Force on Agrarian Reform.

The documents show the Land Bank of the Philippines (LBP) will shoulder P30.8 billion of the cost in the first six years of the program, as the government relies on it to fund land transfers and provide credit to farmers.

The program will cost an average of P7.6 billion annually for six years up to 1992, equivalent to about 1.1 percent of the country's total output of goods and services or gross national product (GNP).

For the first year of implementation, government expects to shoulder P3,908 million of the program's cost.

It appears that the government can finance the program with domestic resources, the documents said.

The government intends to tap solely local sources to finance the massive land transfer, but the documents indicated that it envisions foreign borrowings on soft terms "as a fallback measure" to the extent that the identified domestic sources will not be available on time.

Government plans to get P20 billion from the sale of its idle assets by the Asset Privatization Trust (APT) but only 26 of the almost 400 accounts are reported to be in marketable form, the documents said.

Of the P20 billion to P25 billion pledged by the Presidential Commission on Good Government (PCGG), only P6.6 billion is ready, P2.1 billion of which is in cash while the rest in real estate and stock certificates, the documents indicated.

The non-performing assets at the APT have to be converted into liquid assets, and sequestered assets at the PCGG have to go through the usual court litigations, the documents said.

According to the documents, government intends to commit some P510 million of supplemented appropriations in addition to P690 million already appropriated in the 1987 budget. For 1988 to 1992, the documents said, government will put up an additional sum of P6.8 billion for the program.

With the regular budgetary support, and proceeds from the sale of idle assets, sequestered assets and recovered ill-gotten wealth, the government expects a funding surplus of over P2 billion by 1992, the documents said.

For the medium term, government expects to pump in a total of P20,280 million to the LBP to buy lands and a total of P10,478 million to the Agricultural Credit Policy Council (ACPC) and the LBP for credit lines to farmers.

The Department of Agrarian Reform (DAR) is expected to be given P7,707 million during the period while the Department of Agriculture extension services will get P3,161 million.

The Department of Energy, Environment and National Resources will be given a total of P3,671 million for surveys and infrastructure and operational support. The Institute of Agrarian Studies is expected to receive P320 million for research and development.

PRC CONSIDERING EXPANDING EMBASSY STAFF

HK021553 Manila THE MANILA CHRONICLE in English 31 May 87 p 3

[Text] The Chinese Embassy is considering increasing its diplomatic personnel, Chinese Ambassador Chen Song-lu has said.

The move to expand the embassy staff could pose problems with the military intelligence community which is restricting the entry of Chinese nationals in the country for security reasons, diplomatic sources said.

At present, there are 35 embassy personnel, including 20 diplomatic officers. Ambassador Chen told reporters that there would be need to add more people in the embassy to cope with "increasing volume of work" resulting from the developing diplomatic relations between the Philippines and China.

"We can still cope with the amount of work, maybe there would be need for more people in the future," he said. He did not say how many staffers the embassy would need.

The Soviet Embassy had earlier asked permission from the Department of Foreign Affairs (DFA) to expand its office to include two more employees. The DFA has yet to act on the Soviet request, although informed sources said it would most likely be turned down based on recommendations from the National Intelligence Coordinating Agency (NICA).

The Chinese envoy also reiterated his country's support for the Aquino government, saying it "has no links" whatsoever with local communist insurgents.

He said his government would not allow foreign communists to train in Beijing, contrary to military reports that it was recruiting Filipino rebels and training them in guerrilla tactics.

Foreigners who intend to seek refuge in China, however, may be admitted, the ambassador said.

The 12-year-old diplomatic relations between the two countries face a "bright future" as the ambassador sees "good prospects" for the expansion of Philippine-Chinese economic cooperation.

Last year China bought 15,000 tons of bananas. It also imported 400,000 tons of fertilizer which is almost half the total production of Philippines.

China, he said, intends to reduce the balance of trade which is slightly in his country's favorably "buying more" from the Philippines.

A series of buying missions have visited the country recently to tap its traditional and non-traditional products, such as coconut oil, cement, mangoes and copper concentrates.

PRC ENVOY REITERATES NONINTERVENTION POLICY

HK021345 Manila THE SUNDAY TIMES in English 31 May 87 pp 1, 6

[By Francis Cevallos]

[Text] The Chinese envoy to the Philippines, Ambassador Chen Songlu, said yesterday the "concrete problem" of peace and security in Asia boiled down to the presence of American military bases in the Philippines.

Chen said China did not approve of foreign bases in the region.

Chen, in a free-wheeling discussion with newsmen on a number of subjects, said the matter of U.S. bases here was "an internal domestic question addressed to the Filipinos themselves."

He said the People's Republic of China had no intention to interfere with the purely domestic affairs of the country.

"Our fundamental policy is preserving the peace, fighting hegemony, fighting aggression in the Third World, and establishing international friendship," he said.

All throughout the two hours of talks, Chen, who has been in Manila for three years, never mentioned the United States by name.

He restated his country's position on the communist insurgency problem here, which he said was "non-interference with a purely domestic problem."

He said his country did not intend to export its "brand of socialism" nor support communist rebellions in foreign countries. The Philippines and China established diplomatic relations with each other in 1975.

China, Chen said, had signed the Treaty of Raratonga which prohibits the manufacture, use and testing of nuclear weapons and dumping of nuclear wastes in the South Pacific.

He also said China was in favor of a declaration among ASEAN nations making the region a "zone of peace, freedom and neutrality (ZOPFAN)."

The main thrust of China's foreign policy towards the Philippines is to engage in trade and improve cultural and friendly relations, he said. He said he was happy to note "good relations continue to improve and grow under President Aquino."

Chen said China wished to help the Philippines in whatever way it could economically, pointing out for example to the growth of trade relations between his country and the Philippines.

Last year, he said, China and the Philippines had a total trade of about \$230 million, with the trade surplus in China's favor. To reduce the trade gap, he said, "we (China) had to buy more goods from the Philippines other than the traditional commodities."

USSR OFFICIAL ON USSR, U.S. WITHDRAWAL FROM AREA

HK021241 Manila PHILIPPINE DAILY INQUIRER in English 31 May 87 pp 1, 9

[By C. Florentino]

[Text] A Soviet embassy official yesterday said that should the Philippines decide to demand an American pullout from military bases here, it would be "logical" for the Soviet Union to withdraw its presence in Cam Ranh Bay in the Socialist Republic of Vietnam.

The source, who spoke on condition of anonymity, described as "absolutely false" claims that the Soviets would intervene in the Philippines once the Americans move out from the military installations here, including Clark air base and Subic naval base.

He added that the Soviet Union has proposed the dismantling of all superpower military bases on foreign territories, apparently referring to the American defense network of military bases in strategically located countries like the Philippines.

There are 1,500 American military facilities scattered in 32 countries throughout the world, the Soviet embassy source said.

He acknowledged that Soviet troops are deployed in Eastern European countries like Poland, Czechoslovakia, and the German Democratic Republic, among others, but added that this is in accordance with the Warsaw Pact.

He, however, denied reports that Soviet troops are deployed in Cam Ranh Bay in Vietnam, directly west of Subic in Zambales; Cam Ranh Bay serves as a refueling station for Soviet vessels, the source added.

The removal of American military bases in Southeast Asia would boost efforts to establish a Zone of Peace, Freedom, and Neutrality (ZOPFAN) in the region, he said.

"The Soviet Union subscribes to ZOPFAN" to prevent the intervention of non-regional countries in regional affairs, he continued.

The USSR is likewise prepared to "respect" the establishment of a nuclear-free zone in Southeast Asia as espoused by Soviet leader Mikhail Gorbachev, the official said.

Moves by the United States to build-up its military presence in different parts of the world may lead to a nuclear war, he warned. He claimed that the U.S. has pursued an aggressive military policy in support of a profitable industry involving the production of military hardware.

The Philippine Government, the source said, has remained "silent" on the proposal to rid the region of nuclear weapons.

Foreign Secretary Salvador H. Laurel was earlier reported as giving no categorical statement on the Soviet proposal, except to say that the Philippines has supported all United Nations General Assembly resolutions on disarmament.

BILATERAL TRADE WITH USSR, EASTERN EUROPE VIEWED

BK020700 Bangkok Voice of Free Asia in English 1500 GMT 1 Jun 87

["Special Report" feature: "New Era of Economic Relations Between Thailand and the Eastern Bloc Countries"]

[Text] Although Foreign Minister Sitthi Sawetsila's tour of the Eastern bloc countries, which includes Poland, East Germany, and Czechoslovakia, during 14 to 22 May may be overshadowed by the preceeding visit to the Soviet Union, it is not less important in substance. Apart from the Kampuchean conflict which is a major topic of discussions, at the heart of the visit are also attempts by the Thai side to promote bilateral trade and cooperation in various economic fields with these countries. That is why Air Chief Marshal Sitthi on the eve of his visit said: we shall go wherever trade leads us; it is now a major thrust in our foreign policy. And about two dozen of leading Thai businessmen, mainly from the agroindustrial-based companies, also take part in the delegation during this trip.

Trade and financial relationship with the Soviet Union, Poland, East Germany, and Czechoslovakia, if forged, will expand Thailand's horizon for international business like never before. Amidst protectionism from the West, these countries offer an attractive alternative. With increasing liberalization in these countries, it is natural that Thailand should take an interest. In addition, these countries is [as heard] [word indistinct] and have begun to move toward greater economic links outside Comecon. Thailand is among those countries. This can be seen in the fact that trade representatives from these countries have been visiting Thailand regularly to explore the possibilities of joint ventures and industrial, scientific, and technical cooperation. All Eastern bloc countries, with the exception of East Germany for the time being have established trade representative offices in Bangkok. Moreover, in the past few years, trade fairs and exhibitions staged by these countries have been put to normal occurrence.

Starting with the Soviet Union, last year the Thai-Soviet trade amounted to 2,453 million baht, with the trade balance of 1,333 million baht in Thailand's favor. During the talks with Soviet Minister of Foreign Trade Boris Aristov, Air Chief Marshal Sitthi pointed out that in his opinion, the reform in foreign trade now underway in the Soviet Union is opening up new prospects for the development of the bilateral trade. Thailand would like to purchase Soviet machinery and equipment and is prepared to sell a wide range of agricultural products, namely corn, tapioca, fruit, juices, [word indistinct], as well as tin and other items of its traditional exports. At the same time Minister Aristov said that during his recent visit to Thailand he realized the great potential of Soviet-Thai trade. Currently the Soviet Union is preparing to offer Thailand some other goods and commodities, among them are (?engine) carriers, some oil products, and hydrofoil ships. With regard to existing potentials in Thai-Soviet economic relations, Air Chief Marshal Sitthi and Minister Aristov on 12 May signed a protocol on the establishment of the Joint Thai-Soviet Commission on Trade. This new body will increase the important role of business circles of the two countries in the expansion of their bilateral trade. Under its auspices, their bilateral sessions will be held on a regular basis to resolve the current problems of two-way trade within the shortest time possible and to consider other issues of reciprocal interest.

According to Mr Danai Dulalampha, director general of the Economic Department, the setting up of the commission is a great step forward in the two countries' bilateral cooperation and one of the most substantial results of Air Chief Marshal Sitthi Sawetsila's visit to the Soviet Union.

In Poland, the second leg of the trip, the Thai foreign minister urged this country to use countertrade to boost trade with Thailand. He made the point during talks with his Polish counterpart, Marian Orzechowski. During 1979-1982, Thailand suffered a trade deficit of about 915.4 million baht with Poland. It is only in 1983 that Thailand enjoyed a trade surplus of 48.09 million baht. Major Thai exports to Poland are natural rubber and rice, while Thailand imports steel pellets, chemical products, and pharmaceutical goods from Poland. At the same time, Thai businessmen also held a separate meeting with representatives of the Poland Chamber of Commerce. Mr Yuk Na Thalung, the Board of Trade president, said the target of 50 million U.S. dollars worth of trade annually between Thailand and Poland is now within sight. Actually, room still exists for the two countries to meet the target set by the Joint Commission on Trade on 16 October 1985 despite the falling off in trade since the U.S. \$23.73 million peak in 1984.

The target is still realizable now that the general world economic situation is improving and a once stagnant world trade is picking up and becoming more robust. This happy turn of events has in turn given the current trade between Thailand and Poland a big boost. Therefore, the chances of the two countries to expand their two way trade to its full economic potential are now more promising. The Board of Trade president expressed the hope that if both parties come together with sincerity of purpose and true spirit of cooperation, the achievement of the Polish-Thai trade target of U.S. \$50 million dollars will certainly be achieved.

For East Germany, trade between Thailand and this country totaled U.S. \$75.4 million last year. Although this is an increase from 1985, trade is very much in favor of East Germany, with Thailand suffering a \$29.3 million deficit. It is noteworthy that if we become complacent, the trade between the German Democratic Republic and Thailand will never grow and prosper. Therefore, it is about time that the two countries join forces and together exert concerted efforts to expand and diversify trade on a balanced basis. As Thailand has been on the deficit side in its trade with East Germany, the Thai private sector calls on the representatives of the state corporation for this country to consider buying goods from Thailand in addition to the traditional rice, rubber, and coffee.

The last leg of the trip is Czechoslovakia, as in Poland and East Germany, this Eastern European country is urged by the Board of Trade to boost its trade with Thailand and supply more capital goods, raw materials, and new technology to the Thai industrial sector. Nowadays, Thai entrepreneurs investors, and producers are reluctant to order the mentioned items from traditional sources because of the continuing strengthening of the yen and some Western currencies against the U.S. dollar which creates fears of rising production cost. Consequently, many of these Thai entrepreneurs are thinking of diversifying the sources of import of capital goods, raw materials, and technology. Moreover, it may be beneficial to both sides if Czechoslovak enterprises are interested in investing in the industrial investment of Thailand or in joint ventures. It is not an exaggeration that Thailand is now among the leading industrial nations in Southeast Asia and its investment climate is also one of the best in the region. Nevertheless, (?sale of) capital goods, raw materials, and technology to Thailand alone will not help to foster viable and lasting trade relations between the two countries, it can only be accomplished if the principle of a well balanced two way trade is adhered to.

Trade relations between Czechoslovakia and Thailand are long-standing but the volume and value are rather negligible. However, after the signing of the Czechoslovakia-Thailand trade agreement in September 1978, this two-way trade began to pick up momentum, although marginally, from a total value of U.S. \$11.21 million in 1978 it rose to U.S. \$13.68 million in 1979 and peaked last year when the total value topped U.S. \$16.73 million. In that year Czechoslovakia export to Thailand soared to a high of \$15.57 million, while she bought only \$1.16 million worth of goods from Thailand, which thus ended with a sizable deficit of U.S. \$14.41 million.

Besides rice, natural rubber, maize and large variety of grain which Thailand has been exporting to Czechoslovakia in the past, she can now offer such industrial products as canned food, frozen seafood, vegetable oil, clothes and ready-made garments, sport shoes, leather goods, integrated circuits, steel furniture, office equipment, bicycles, motorcycles, and bicycle tires and tubes, plastic and metal vessels and containers, and kitchenware. The Board of Trade therefore called on the Czech side to consider buying some of its goods from Thailand to help balance and expand the trade between the two countries.

Although it cannot be said the visit to these countries produced outstanding and immediate results in terms of trade and economic cooperation, successful establishment of the joint economic committee with the Soviet Union, the visit represents a major step for the opening up of new markets to Thai products in these countries as well as for future trade interactions. At the minimum, it gives Thailand a chance to introduce its quality industrial goods, which are still foreign, to these countries' markets. It also provided Thai businessmen the opportunity to observe the possibility of increasing more trade contacts which certainly would contribute to Thailand's efforts to promote trade and economic cooperation with these countries. As a result it is likely to assume that a new era of relations in economic fields between Thailand and Eastern bloc countries has already begun.

GENERAL SAYS VIETNAM NO THREAT IN NEXT 5 YEARS

BK300537 Bangkok BANGKOK POST in English 30 May 87 p 3

[Text] Vietnam is unlikely to be a military threat to Thailand in the next five years because it is plagued with political, military and economic problems, Assistant Army Chief of Staff Lt-Gen Panya Singsakda said yesterday.

He said Vietnam needed strong economic support to expand its military domination in the region.

Such support, however, was unlikely in the wake of a possible cut in military aid from the Soviet Union.

Lt-Gen Panya said that Soviet Union might cut military aid to Hanoi by 1990, the year Vietnam said it would withdraw its troops from Kampuchea.

Even if the Kampuchean conflict did come to an end, Lt-Gen Panya predicted, that country would remain under communist control because the resistance coalition was still too weak and because it was believed that Prince Norodom Sihanouk would not be able to lead the country.

Thailand, meanwhile, would have to be friendly with both the free world and the socialist camp so as to maintain good relations with its neighbours.

Lt-Gen Panya cited China as an example. China had become a good friend of Thailand though it had been considered a big threat in the past, he said.

He predicted that the post-war Kampuchea would have to rely on Thailand for assistance.

He added that ASEAN would have to keep its unity for its own stability. Recruitment of new members into the organisation might not improve its strength, he said.

LAO SOLDIERS ENCIRCLE VILLAGE, CLASH WITH RANGERS

BK021429 Bangkok THAI RAT in Thai 2 Jun 87 p 20

[Text] According to an urgent report from Phitsanulok Province, at 1200 on 1 June Police Major Praphat Withayarat, inspector of the police station in Chattrakan District of Phitsanulok, radioed a message to Police Colonel Manat Marutan, Phitsanulok Province's police superintendant, saying that at about 1200 on 31 May, a number of communist Lao soldiers encircled a Hmong village, Romklao km 9, which is situated about 4 km from the Thai-Lao border.

The Lao soldiers later clashed with the Thai rangers who were dispatched from Phu Sua Dao base. As the result of the fierce fighting, three rangers were wounded and one villager killed. The Lao soldiers are still surrounding the village. Police Colonel Manat reported the incident to Phitsanulok Provincial Governor Noppharat Wetchasat, who later relayed the message to the 3d Army Region. The 3d Army Region has sent soldiers under helicopter support into the area to push the intruders out of Thai territory.

NEW MALAYSIAN FOREIGN MINISTER ARRIVES FOR VISIT

BK030700 Bangkok Domestic Service in English 0000 GMT 3 Jun 87

[Text] Newly appointed Malaysian Foreign Minister Abu Hassan arrived in Bangkok last night for a 13-hour stopover as part of a familiarization tour of Southeast Asia. Mr Abu Hassan will meet and discuss outstanding bilateral issues with Foreign Minister Sitthi Sawetsila today at the foreign ministry before he proceeds to Manila. This is his first foreign visit after replacing Rais Yatim, who resigned last month. Top of the agenda will be the Thai-Malaysian fishery problem and the planned establishment of the joint commission to oversee bilateral matters.

AMBASSADOR TO U.S. BRIEFS CABINET ON COPYRIGHT LAW

BK020823 Bangkok Domestic Service in Thai 0530 GMT 2 Jun 87

[Text] Thai Ambassador to Washington Asa Sarasin this morning briefed the cabinet for one and half hours about the amendment of the Copyright Act. He told newsmen at Government House after the briefing that he informed the cabinet about the U.S. economic situation, the pressures it felt as a result of the huge trade and budget deficits, and the introduction to the U.S. Congress of several protectionist bills which have affected U.S. traderelations with other countries. The United States feels that some countries are unfair to it despite the fact that the United States always abides by fair trade practice. There have therefore been pressures in the United States requiring other countries to reciprocate in the same manner. This trend is not directed against Thailand particularly, but to many countries including those in the ASEAN bloc.

Concerning Thailand, he said the United States raised the questions of copyright and pharmaceutical patent protection, with stress being given to copyright, because the United States wants the same treatment for its property as it has already given to Thailand. The Thai ambassador to Washington told the cabinet that copyright protection is covered by the Thai-U.S. on Friendship and Economic Cooperation of 1966. On this, Arun Phanuphong, adviser to the prime minister, explained to the cabinet that Thailand is bound by this treaty.

Meanwhile, pharmaceutical patents are not covered by the treaty, and Thailand's Pharmaceutical Patent Act clearly stipulates that no protection can be given to anybody. It is therefore impossible to claim pharmaceutical patent protection under the bilateral treaty. This will require further talks with the United States.

Asa Sarasin reported that Director general of the Economic Department Danai Dulalampha briefed to the cabinet today about progress in negotiations with the United States. Director General of the Foreign Trade Department Oranut Osathanon explained to the cabinet about benefits for Thailand's industrial and labor sector from U.S. markets. According to her, Thailand will be greatly affected if the United States revokes the Generalized System of Preferences privileges. The Thai ambassador to Washington said those who will be on tomorrow's television program to explain to the public about the Copyright Act amendment will use simple language in order to make them understand the purposes of the amendment and the benefits Thailand will receive from it. He hopes the program will give a better understanding to the public about the facts behind the problem.

DEPUTY COMMENTS ON SITTHI'S THREAT TO RESIGN

BK021003 Bangkok SIAM RAT in Thai 1 Jun 87 pp 1, 16

[Text] Asked about Foreign Minister Air Chief Marshal Sitthi Sawetsila's statement that he would resign should the Copyright Act amendment bill not pass Parliament, Deputy Foreign Minister Praphat Limpaphan told reporters at Don Muang Airport upon his return from Sri Lanka on the evening of 31 May that he had been informed about the matter and believed that the foreign minister would do what he considers appropriate. He said the amendment of the act was proposed through the regular procedure up to the policy-making level, adding: We believe that it is beneficial to the country and we have done our best. The deputy foreign minister said: "You well know that Air Chief Marshal Sitthi is sincere to the country and people. He has reviewed the issue thoroughly before coming up with the decision."

Asked if he felt worried about the proposed amendment of the Copyright Act, Praphat said: We believe that we are doing our work with a sense of responsibility. He said he agreed with the foreign minister's statement that the whole cabinet should jointly be responsible for this kind of issue because it involves the interests of the country and people. The issue will later be deliberated in the parliament.

Asked if this problem would cause the Social Action Party to withdraw from the coalition government or not, Praphat replied that it was too early to think that far. We'd rather think of our responsibility. He did not believe that Air Chief Marshal Sitthi would end up doing what he thought. Asked what action would be taken if the bill fails to pass the national assembly, Praphat replied that the Parliament, members of the house, will have to make the decision.

PUBLISHER LINKS ATTACK WITH ARTICLE ON GENERAL

BK300002 Bangkok THE NATION in English 30 May 87 pp 1, 2

[Text] Samak Suntharawet, leader of Prachakon Thai party, yesterday linked the pre-dawn bomb explosions at the office of his DAILY MIRROR newspaper to one of his articles which was critical of Assistant Army Commander-in-Chief Gen Sunthon Khongsomphong.

"I came up with the theory after comparing my May 28 article to another similar one in March which led to a bomb threat against the newspaper," he told reporters hours after two hand grenades were lobbed into the compound of the newspaper office in Latphrao 124.

The bombs caused no casualties but inflicted slight damage to parts of the two-storey building.

Police said three men on two motorcycles hurled two hand grenades into the rear of the building at around 4.40 am from a narrow road behind the compound. The explosions shattered about 20 windowpanes and shrapnel riddled the building walls.

There were about 10 people inside the office when the incident happened but no one was harmed.

Interior Minister Gen Prachuap Suntharangkun told reporters after visiting the scene that the bombs were meant to be a threat. But he declined to comment whether the incident was connected to the explosion at Samak's house in March.

Prachuap said he had ordered police to provide extra security at the newspaper office and Samak's residence. Two policemen and a security guard were guarding the building when the bombs were hurled.

Speaking to reporters at the Parliament, Samak said his article in the popular "Blue Corner" column in May 28 edition of the DAILY MIRROR might have been the cause of the bomb attack.

In the article, the opposition leader urged Defence Minister ACM [Air Chief Marshal] Phaniang Kantarat to probe the conduct of "an army general" who had criticized Prachakon Thai Party for sponsoring an urgent motion to query the military situation at Chong Bok in Ubon Ratchathani where Thai soldiers have been battling Vietnamese intruders.

Samak reproduced the letter he submitted to the defence minister in the column. Next to the letter were excerpts from an interview given by Gen Sunthon to Dao Siam newspaper in which he challenged Samak to a "meeting" to settle his doubts about the army's ability to deal with the Vietnamese at Chong Bok.

Asked if the explosions might have been caused by his indirect reference to Gen Sunthon in his May 28 article, he said: "You'd better ask me what the general said about me before. I submitted an open letter to ACM Phaniang as he is in charge of the armed forces."

When asked if he would "behave" himself as a result of the bomb explosion, he retorted: "I look myself in the mirror everyday ... and there is nothing wrong with me." A hand grenade was lobbed on top of the fence of Samak's residence in Bangkapi in March, but caused no injuries.

Samak quoted eyewitnesses as saying the bomb explosion took place at about 5 am soon after four unidentified men on two motorcycles were seen approaching the rear of the printing house where no security guards were stationed.

Gen Prachuap said he had ordered Police Director General Pol Gen Narong Mahanon to urgently probe the incident.

Asked if the attack was plotted by some people who wanted to create turmoil, Prachuab said: "The police are investigating the incident, anything is possible."

Pol Gen Narong, meanwhile, admitted that it would be difficult to find the culprits. "We are very concerned now. We will try our best," he said.

Narong said he thought that the bomb attack "was probably aimed at creating rifts in the country. But I cannot say now that the attack had something to do with politics."

Chaisit Phuwapromkhuang, the general manager of the newspaper office, and some DAILY MIRROR reporters told THE NATION they believed that the attack was "politically motivated." Most of them said Samak's "Blue Corner" column in the paper yesterday might have been the cause of the incident.

Chaisit said Samak himself had anticipated the attack before hand, they claimed. The general manager said Samak himself had said they should look out for a bomb even before the article was published.

Meanwhile, Ruam Thai secretary general Piyanat Watcharaphon said the blasts were politically-motivated and aimed to warn opposition MPs against keeping a high profile.

The Sisaket MP described the incident as a "threat to security of opposition lawmakers."

The opposition leaders will raise the bomb blast issue for discussion during their weekly meeting next week, he added.

Meanwhile, Communications Minister Banhan Sinlapa-acha said he believed the blasts were the work of the "third party" who wanted to create disunity.

Army Spokesman Maj Gen Narudon Detpradiyut refused to make comments over the incident.

BRIEFS

JAPANESE AID TO PROJECTS -- Director-General of the Department of Technical and Economic Cooperation (DTEC) Mr Wanchai Sirirat recently exchanged notes relating to a 3,293 million yen (602 million baht) aid grant with Japanese Ambassador Mr Akitane Kiuchi. The aid is to be extended to three specific projects concerning: The increase of food production by the Ministry of Agriculture and Cooperatives. The aid will be used to purchase fertilizers. The supply of sports science studies equipment to the Ministry of Education. The supply of biotechnological research equipment to Mahidol University. This exchange is the third signing of notes on Japan's grant aid for the 1986 fiscal year, which amount to a total of 2,066 million yen (2,087 million baht). [Text] [Bangkok BANGKOK POST in English 15 May 87 p 15 BK]

NHAN DAN CHARGES U.S. 'DISTORTING' ABM TREATY

OW030741 Hanoi VNA in English 0718 GMT 3 Jun 87

[Text] Hanoi VNA June 3 -- The Reagan administration distorting the letters and spirit of the Anti-Ballistic Missile (ABM) Treaty is a very serious act, says NHAN DAN in a commentary today on the current attempt for an "extended interpretation" of the terms of the treaty at the U.S. Congress.

The paper stresses that this might lead to the danger of taking the race for putting offensive and defensive nuclear arms in outer space to an uncontrollable level.

NHAN DAN goes on:

"The Soviet-U.S. treaty ABM signed on May 26, 1972 is the sole juridical obstacle to the "Strategic Defence Initiative" program of the United States. The Reagan administration is hoping, with its sophisticated interpretation of the treaty, to have a free hand in testing and deploying its SDI program. This is the reason why at the Soviet-U.S. summit in Reykjavik, Reagan stubbornly refused to restrict the testing of anti-missile defence system to the laboratory.

"The stance of the Soviet Union and other socialist countries on ABM is clear. They are against taking the arms race to outer space and call for strengthening the mechanism of the ABM treaty. The meeting of the Political Consultative Committee of the member countries of the Warsaw Treaty held in Berlin on May 28-29 spoke out strongly against the arms race in outer space, demanded strict respect for the ABM Treaty, quick agreements on the prohibition of anti-satellite systems and space-to-ground weapons and the use of outer space solely for peaceful purposes in the interest of the whole mankind".

MINISTRY OF FOREIGN TRADE SENDS LETTER ON DISPUTE

BK010956 Hanoi Domestic Service in Vietnamese 1100 GMT 16 May 87

[Text] Two days ago, the Voice of Vietnam carried an article on a court case involving a dispute over the ownership of a house which took a long time to solve. The case was raised by the paper HANOI MOI.

We have just received an official letter No 1457-BNGT from the Ministry of Foreign Trade addressed to the editorial staffs of the Voice of Vietnam and the HANOI MOI paper saying that Comrade Hoang Trong Dai [vice minister of foreign trade], residing at House No 21 Lien Tri Street, Hanoi, is on an official mission and has not returned yet. However, the Ministry of Foreign Trade is arranging temporary living quarters for Comrade Hoang Trong Dai's family. During 16-18 May, the Ministry of Foreign Trade will dispose and move Comrade Dai's family out of house No 21 Lien Tri Street and will prepare the paperwork to hand over to Hanoi Municipal People's Committee.

Dear Friends, we warmly welcome this urgent and responsible measure of the Ministry of Foreign Trade in response to an issue raised by opinion of the press.

NGUYEN VAN LINH MEETS CATHOLIC BISHOPS

OW291645 Hanoi VNA in English 1520 GMT 29 May 87

[Text] Hanoi VNA May 29 -- General Secretary of the Communist Party of Vietnam Central Committee Nguyen Van Linh yesterday stressed that an "unswerving policy of the Vietnamese party and state is to respect the freedom of religion".

At his reception of the bishops who were attending the eighth plenum of the Vietnam Episcopal Council, the Vietnamese party leader conveyed the greetings from the party and government to the entire Vietnamese Catholics. Noting their active contributions to national construction and defence, he said many young Catholics have joined the army, fought bravely, and a number of them have laid down their lives. At present, many are elected deputies to the National Assembly and the people's councils. "All that has vividly demonstrated the tradition of respect for God and patriotism of the Vietnamese Catholics," Nguyen Van Linh stressed.

The Vietnamese party leader also said that "there have still been here and there shortcomings and errors in the implementation of the policy due to "the knowledge of cadres" [as received] and "the prejudices of some people". He urged the party organizations and administrations at all echelons to "resolutely correct the errors so that the party and government's policy on religion will be well carried out."

Nguyen Van Linh warned people against activities in religious disguise to harm the interests of the country.

He also expressed the wish that the Episcopal Council will take realistic measures within the framework of their religious practice to encourage the faithful to join in economic production and the building of a new life in their dioceses, thus contributing to the whole country's national construction and defence.

Speaking on the occasion, Primate Cardinal Trinh Van Can thanked the party, the government and the administrations at all levels for their care for the Vietnamese Catholics. He said that the faithful pledge to live in the fold of the nation and join the entire people in building the socialist homeland. He also expressed his confidence that the successful implementation of the resolution of the Sixth CPV Congress will bring about much benefit for the Vietnamese people, including the Catholics.

The participants in the eighth plenum of the Vietnam Episcopal Council led by Trinh Van Can have also called on the Vietnam Fatherland Front Central Committee. They were warmly received by Huynh Tan Phat, president of the front's presidium.

CENTRAL COMMITTEE CONTROL DEPT HOLDS CONFERENCE

BK281255 Hanoi NHAN DAN in Vietnamese 8 May 87, pp 1, 4

[Text] The party Central Committee Control Department recently held an all-branch conference in Hanoi to study the scope and measures for implementing the control work in accordance with the sixth party congress resolution and the party regulations.

Comrade Do Muoi, Political Bureau member and party Central Committee secretary, attended and addressed the conference.

The conferees focussed on studying and thoroughly understanding the contents of control work as stipulated in the party regulations and asserted that control work is a main function of party leadership, an important task of organization and implementation, and an effective measures to overcome bureaucratism. The party control work pertains to all party members and is the responsibility of all party organizations and each party member. The duty of the control branch at all levels is to control the compliance with party regulations by all party members (including party committees of the same echelon) which is aimed at ensuring compliance with the principles of party organization and activity and with the party discipline and the state law, and at preserving party membership qualifications. The party's control branch should institute plans and measures to help party committee echelons enhance the education and knowledge of all party members and their own so that they can realize clearly the function, requirements, scope, objectives, method, and responsibility of control work. The conferees analyzed the relationship between controlling compliance by party members (with party regulations and discipline, state law, and party membership qualifications) and controlling the implementation of party resolutions and directives in accordance with Directive No 34 of the party Central Committee Secretariat (fifth party tenure), dated 17 January 1984. These two tasks are closely related to each other and pertain to the function of party leadership which are aimed at promoting good points and preventing and limiting shortcomings.

The conferees put forth measures to implement the tasks set by the sixth party congress and the party Central Committee's second plenum, especially the three major economic programs; resolve the urgent problems of distribution and circulation; support the campaign of purify the party; enhance the managerial effectiveness of the state machinery; and overcome negativism in society.

Addressing the conference, Comrade Do Muoi stressed the responsibility of party committee echelons -- primarily the basic party organizations -- and the role of mass organizations in the promotion of control work which is aimed at maintaining party discipline, state law, and social discipline. The control work must reflect adequately the characters of the party, the class, the masses, and science, and publicity. It must be performed based on the party lines, policies, and regulations. It should be organized adequately and closely led. Every party committee echelon must regularly take care of control work. The Control Committee together with other committees is an organization specializing in helping party committee echelons discharge well their control duty. Party members must be controlled by the authorized party organizations and must control themselves and other party members. People in charge of control work must enjoy adequate prestige, firmly grasp the party lines and policies, thoroughly understand the matter to be controlled, and know how to organize the masses' participation in control work. They must bravely struggle against the wrong, defend the right, and be just and impartial. Party control cadres must renovate their thinking and work method in accordance with the spirit of the sixth party congress in order to enhance the quality of control work.

COMMUNIQUE ON HO CHI MINH CITY PARTY CONFERENCE

BK291009 Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 2 May 87 pp 1, 2

["Communique Of the Ho Chi Minh City Party Organization Executive Committee on It's Third (Enlarged) Conference" -- date not given]

[Text] The city party organization executive committee held its third (enlarged) conference 27-30 April to thoroughly study and adopt a number of urgent measures aimed at implementing the party Central Committee's second plenum resolution.

On the afternoon of 27 April, while on his working tour to the south, Comrade General Secretary Nguyen Van Linh called on and addressed the conference. The comrade praised the city for its recent efforts and progress along the line of renovation, helped the conferees further understand the fundamental guiding thoughts of the center, and urged the city party organization to pay attention to developing strengths and overcoming weaknesses to successfully implement the sixth party congress resolution and the party Central Committee's second plenum resolution.

The city party organization's conference expressed enthusiasm over and a high identity of views with the viewpoints, policies, and major measures laid out in the party Central Committee's second plenum resolution to resolve pressing issues regarding distribution and circulation -- a burning problem concerning production and life--and thus meet the expectation of the city's party organization and people as well as those of comrades and people throughout the country. The conference forwarded a number of suggestions to the center to contribute to translating the latter's resolutions into reality.

Implementing the party Central Committee's second plenum resolution, the city party organization's conference discussed and adopted a number of policies designed to accelerate the development of production, overcome difficulties, and ensure successful fulfillment of the 1987 plan. It also discussed and resolved a number of pressing issues concerning distribution and circulation in the city. A number of other important, pressing issues (regarding the adoption of a plan to carry out the three targeted (regarding the adoption of a plan to carry out the three targeted programs in accordance with the sixth party congress resolution, external economic activities, socialist transformation, and so forth) will also be resolved in accordance with the city party organization's work agenda for the 2d quarter of 1987.

To meet the new situation after implementing Council of Ministers Decision No 80 on removing checkpoints along communications lines, the city party organization's conference set forth a number of policies and measures aimed at strengthening and consolidating the city's socialist trade sector. The goal of this is to improve business formats (purchases, sales, payments, investments, and economic contracts), control the registration of businesses, and arrange and organize the trade apparatus to control the sources of goods while successfully organizing services for production and life. In addition, the goal is simultaneously to control the circulation of goods to ensure a smooth flow and convenience; boost the development of production; and allow the socialist trade sector to sell products turned out by industrial enterprises outside the set plans along with marketable products turned out by private producers and the family economic sector after fulfilling their obligations, etc.

Urgent efforts will be made to complete the issuance of business permits in accordance with Decisions No 138 and 208 of the city people's committee and to resolutely suspend trading activities conducted by units that are not allowed to do so. In the city-wide socialist trade network, it is necessary to apply uniformly the various systems concerning economic-financial management, uniformly enforce the system of wages and bonuses, and not arbitrarily increase prices to benefit from price differentials in addition to the prescribed commercial rebates.

It is necessary to urgently rearrange the supply business network, along the lines of shifting vigorously to economic accounting and socialist business.

The conference adopted a number of viewpoints on market management and the application of taxation and pricing policies in the spirit of the party Central Committee's second plenum resolution and Council of Ministers Decision No 80, which are aimed at simplifying procedures to facilitate production and concretizing and institutionalizing a number of policies designed to encourage the various economic components to develop production in accordance with Decisions No 62, 34, and 192 of the city people's committee.

The conference suggested that the center allow the city to use a commercial bank as a pilot site as already mentioned in the resolution of the CPV Central Committee's second plenum. The commercial bank, and independent economic unit subordinate to the city People's Committee, is to carry out economic accounting and socialist business, to have private funds, to be self-government in finance and business, to improve and renovate its operations in the fields of monetary, payment, and credit services.

The city party committee conference analyzed the increasing difficult life of cadres, workers, and civil servants, especially that of members of the armed forces and of the educational, public health, and administrative and professional sectors. Taking into account localities' limited capabilities to balance their own budgets, the conference decided a number of measures to be carried out immediately, which consist of continuing to compensate wages for price increases. This is to provide additional allowances for salaried people (including cadres, workers, and civil servants of various administrative and professional sectors — especially the educational and public health sectors — members of the armed forces and the people's public security force, city ward and village cadres, those cadres who have retired or who are entitled to certain preferential treatment policies in order to gradually restore real wages back to the level established in September 1985 as already mentioned in the resolution of the CPV Central Committee's second plenum. With regard to the production and business sector, it is necessary to restore real wages back to the level established in September 1985 and to include the expenses resulting from this to production or transportation costs.

The city party committee conference decided to quickly inform the city party organization and the people in the city of new viewpoints and policies laid down in the resolution of the CPV Central Committee's second plenum as well as of policies and measures of the city so they can implement the CPV Central Committee's plenum resolution. It is necessary to fully understand the CPV Central Committee's guiding thoughts while taking urgent, positive, and steady steps to suit realistic conditions. On the other hand, other administrative organs must urgently institutionalize what has been decided above into legal documents. They must intensify their guidance for the implementation of the resolution in a uniform, urgent, positive, and steady manner. It is necessary to attach importance to experimenting with the pilot site, to draw on and promptly disseminate good experiences obtained, and to correct irregularities.

The city party committee conference was convinced that the implementation of urgent policies and measures on distribution and circulation in accordance with the spirit of the resolution of the CPV Central Committee's second plenum and the idea of resolutely discarding bureaucratic centralism and state subsidies, which have received a positive response from a large number of party cadres and members and the laboring people, will certainly be able to generate new great potential needed to release production forces and spur and develop the circulation of goods in a more favorable manner. The party organization and people in our city must develop their tradition of revolutionary offensive, refrain from being passive or relying on other people, overcome all difficulties, and try to contribute duly to translating the resolution of the CPV Central Committee's second plenum into vivid reality in everyday life and gradually achieving the target of stabilizing the socioeconomic situation and the people's livelihood as outlined by the Sixth CPV Congress. [Signed] The Ho Chi Minh City Party Executive Committee.

NHAN DAN URGES SELF-CRITICISM, CRITICISM

BK271109 Hanoi Domestic Service in Vietnamese 2300 GMT 14 May 87

[NHAN DAN 15 May editorial: "Regularly and Scrupulously Conduct Self-Criticism and Criticism"]

[Text] As a law of development and progress of our party, self-criticism and criticism reflect democratic activities in the party and its sense of responsibility toward the people.

At the sixth party congress, upholding its sense of responsibility toward the entire party and people, the Central Committee looked squarely at the truth, frankly and publicly criticized its own mistakes and shortcomings, and set forth measures to overcome these mistakes and shortcomings.

The party also criticized various cases involving the violation of principles and activities among its own ranks. This was a magnificent example and a tremendous lesson for the entire party to pave the way for a self-criticism and criticism movement to constantly advance party-building work and the development of cadres and party members.

During the past several years, due to a failure to scrupulously and regularly conduct self-criticism and criticism among various party organization echelons and organs of leadership and management, many cadres and party members have violated party statutes and discipline, state laws, and party membership qualification and manifestations of negativism within the party and among various state agencies as well as in society have not yet been overcome.

Due to a decline in their quality, tens of thousands of cadres and party members failed to develop their leading and exemplary role and uphold their sense of responsibility. They advocated bureaucratism and commandism, alienated themselves from the masses, and oppressed the people and violated their right to mastery. These cadres and party members also pocketed bribes, embezzled and violated socialist property, and took advantage of their powers and functions to enjoy exclusive privileges and special benefits. Many of them even gave protection to illegal businessmen or established illegal contacts with dishonest traders to carry out speculative and smuggling activities and lead an unhealthy, luxurious, and debauched life.

Implementing Directive No 79 of the party Central Committee Political Bureau before convening party organization congresses at various levels as well as Directive No 01 of the party Central Committee Secretariat concerning the improvement of revolutionary quality and ethics on the occasion of 3 February [party's founding anniversary] this year, the self-criticism and criticism campaign, which was conducted in a relatively extensive manner, from top to bottom, had detected and corrected a number of shortcomings, thus initially inspiring the people's confidence.

However, in general, self-criticism and criticism still have not been conducted regularly and in an orderly manner. Some localities have attained amazingly poor results from the self-criticism and criticism campaign. Other localities have carried out this campaign in a perfunctory manner and not in combination with the implementation of political work or in such a way as to improve the quality of cadres and party members. Some persons have even taken advantage of criticism to attack and slander each other, thus impairing unity.

Due to the failure of many party committee echelons to fully understand that self-criticism and criticism is a law of development and progress of the party, the campaign for self-criticism and criticism has not been conducted regularly and has not produced good results. The lack of good examples by many leading and key cadres in self-criticism and criticism is also causing the campaign to be carried out in a less scrupulous manner.

More serious still is the failure of many leading echelons to promote democracy. Some of them even seek to persecute their critics, causing the lower echelons to refrain from criticizing the higher echelons and cadres, party members and the masses to refrain from criticizing their leaders out of fear. Refusing to correct shortcomings or correcting shortcomings in a perfunctory manner will cause cadres and party members to lose faith in participating in self-criticism and criticism.

To purify the party, overcome all defects in the state machinery, and eradicate all negative phenomena in society, we must satisfactorily use the self-criticism and criticism weapons. First of all, we must improve the knowledge of all party committee echelons, cadres, and party members and the masses to make them understand that our party can achieve progress only when the system of self-criticism and criticism is constantly and scrupulously maintained in the party itself and, on that basis, enable them to develop good points and overcome shortcomings.

Renovating economic management, the way of thinking, style of leadership, and organizational and cadre-related work is a painfully complex struggle. We can succeed in this struggle only by regularly conducting self-criticism and criticism in the party and among various management agencies, mass organizations, and socioeconomic establishments to distinguish between right and wrong, support new things and disapprove of backwardness, and enhance the desire for progress of oneself and everybody.

Cadres and party members can further enhance their prestige if they scrupulously conduct self-criticism and criticism and know how to arrange for the masses to submit opinions to them and to collectives. There are examples in which many cadres and party members, by paying less attention to self-criticism and criticism, have allowed their talent to disappear gradually and their prestige to decline further.

Cadres and party members, especially those holding key positions at various levels and in various sectors, must play an exemplary role in self-criticism and criticism. They must also be modest and honest enough to capitalize on the views contributed by everybody.

In our party, there is no area off limits to self-criticism and criticism and not a single cadre or party member is allowed to stand outside the system of self-criticism and criticism. Only by promoting democracy and by overcoming bad practices, such as persecuting critics and disregarding the views of the lower echelons, can we expand self-criticism and criticism with good results.

The exemplary role of key cadres at various levels and in various sectors constitutes a decisive factor in accelerating self-criticism and criticism. All party committee and leading echelons at various organs and units should be firmly and strongly consolidated and should include those with quality and ability who truly work for the benefits of the revolution and people; respect the democratic rights of the masses; and dare to make self-criticism and criticism publicly, to look squarely at the truth, to tell the truth, to match words with deeds, to resolutely develop good points, and to courageously correct shortcomings in order to advance our revolutionary undertaking.

NHAN DAN EDITORIAL ON QUALITY OF GOODS INSPECTION

BK011018 Hanoi Domestic Service in Vietnamese 2300 GMT 27 May 87

[NHAN DAN 28 May editorial: "Satisfactorily Manage the Quality of Goods in Circulation"]

[Text] Implementing the recent policy on expanding the interchange of commodities, agro-forestry-fishery products, and small industrial and handicraft products, goods circulation has increased in various regions. It is noteworthy that the volume of poor quality goods is on the increase. Poor quality and fake goods were put into circulation due to careless inspection by the officials concerned when receiving goods and also due to irresponsibility in preservation, transportation, and circulation.

The recent survey by the Ministry of Home Trade's Department for Measurement and Quality Control of Goods showed that only 70 percent of the 971 economic contracts of business units are in compliance with regulations. About 30 percent of the volume of goods sent from south to north Vietnam are below standard. Following the recent inspection, the authorities have temporarily suspended sales of a large volume of bicycles, spare parts, clothes, fish sauce, and animal feeds found to be of poor quality. This condition exists because a number of production and business establishments paid attention only to increasing productivity and neglected the quality of goods. Many establishments were satisfied with the increasing volume of goods and not their improved quality. Cadres in charge of inspecting the quality of goods are weak in their professional skills, and some of them are irresponsible and have colluded with a number of production establishments to place orders and put into circulation various kinds of goods which fail to meet the set standard and pattern. Requirements to maintain quality in goods have not been systematized into a policy and have not been associated with various economic levers. Drastic measures have not been taken to promptly block and decisively deal with those who produced and delivered fake and poor quality goods. The system of management and quality control of goods is still scattered and duplicated. Bureaucratism still exists in carrying out this task and it has not developed in parallel with activities of business establishments.

To suspend poor quality goods from circulation is an essential requirement for consumers. This is also a requirement for the renovation of the management mechanism of the home trade sector in order to combine purchase with selling and production with consumption, while enhancing the mastery and capability of socialist trade, especially the state-run trade in the social market. Various higher echelons must assist production and business establishments to improve material and technical conditions and strengthen essential facilities to promptly discover and suspend fake and poor quality goods from getting into circulation. We must consolidate and strengthen the system of quality management and measurement of goods in the trade sector, enhance the professional skills and morale of the cadres to enable them to carry out the assigned tasks. Along with carrying out inspection work at the two ends of sending and receiving goods, various business units must carry out periodical and unscheduled inspections of the quality of goods at the receiving, preserving, storing, and releasing links. We must quickly expand the contract system to insure the quality of goods between business establishments and inspection organizations, strengthen the responsibility of each cadre to each business establishment, while applying an appropriate incentive system to lead this task toward the path of socialist business. We must gradually apply the trademark system on each kind of goods to enhance the responsibility of production and business establishments toward their clients. We must promptly strengthen the coordination between sectors concerned to ensure the smooth flow of goods and strengthen the market management, thereby preventing poor quality goods from entering the circulation link. The quality of goods is one of the important yardsticks to measure the results of activities of the trade sector.

FIJIMILITARY ASSAULTS UK DIPLOMAT, SHOOTS AT CAR

BK021240 Hong Kong AFP in English 1218 GMT 2 Jun 87

[Text] Suva, June 2 (AFP) — Fijian soldiers assaulted a British diplomat here Tuesday and fired two shots at the vehicle he had been travelling in, according to a British High Commission spokesman. Deputy High Commissioner Rod Pullen told reporters Consul Jim Liddel had been punched by a soldier and two shots fired at a comm. vehicle during a two-hour incident at the port here Tuesday.

Mr Pullen said that Mr Liddel and Assistant Defence Advisor Lieutenant Colonel Mike Busby were stopped at a military checkpoint as they were leaving the port area. The two men had been paying a social call on the undersea cable vessel Pacific Guardian, said Mr Pullen.

Soldiers stopped their vehicle for a search at a checkpoint, but the diplomats refused, claiming immunity from search, said Mr Pullen. The vehicle was reversed into the port area to clear the roadway and was stationary when two shots were fired, puncturing two tyres of the British High Commission Landrover, he said.

Mr Pullen said that subsequent to the shooting, himself, a Fiji Army major, a senior police officer, and an official from the Foreign Affairs Department arrived at the port. Photographs were taken of the vehicle, after which Mr Liddel was allegedly punched by a soldier. Mr Pullen declined to specify whether the two incidents were connected.

Mr Pullen told reporters that an oral protest had been made to an official in the Foreign Affairs Department, adding that a written protest "in the strongest possible terms," would follow.

Governor General Apologizes

BK030555 Melbourne Overseas Service in English 0500 GMT 3 Jun 87

[Text] The governor general of Fiji, Ratu Sir Penaia Ganilau, has apologized to Britain for the shooting out of the tires of a British diplomatic car by Fiji soldiers. A Ministry of Information official said the governor general would issue a formal apology to the British high commissioner.

The spokesman said the Fiji forces now had clear instructions on the implications of violating established diplomatic privileges.

The British high commissioner, Mr Roger Barltrop, lodged a strong protest with the Fiji interim government over the incident yesterday when Fiji soldiers shot out the tires of a British diplomatic vehicle at Suva docks.

A British diplomat was also punched during the incident when the soldiers went to search the car as it left the docks.

GOVERNMENT REFUSES BERTHING FOR AUSTRALIAN SHIP

BK020731 Melbourne Overseas Service in English 0700 GMT 2 Jun 87

[Text] The Fiji interim government has refused permission for the Australian navy supply ship, the "Success," to berth in Suva harbour. AUSTRALIAN ASSOCIATED PRESSES quotes reliable sources in Suva for saying a routine Australian request for diplomatic clearance for the "Success" was denied. The ship was to have berthed for a possible evacuation of Australians if the present state of emergency worsens. At the same time, other sources said that a New Zealand hydrographic vessel, the "Monowai," had been ordered by the Fiji interim government to leave port. "Monowai" departed early today.

Australian authorities say they were disappointed at the refusal to allow the "Success" to berth because it would have reassured Australians in Fiji that help was there if needed. Both the "Success" and "Monowai" are expected to stay in international waters near Fiji. Other Australian and New Zealand navy ships are also still in the area after visits to Fiji.

VIOLENCE THREATENED IF ARMY HARVESTS SUGARCANE

BK020537 Melbourne Overseas Service in English 0500 GMT 2 Jun 87

[Text] Leaders of Fiji's sugar industry say they fear growers will adopt a scorched earth policy if soldiers are assigned to cut their cane. Harvesting of Fiji's most important export crop is now 3 weeks overdue in some areas. Cane cutters and mill workers have refused to work in protest against the military coup which ousted the coalition government of Dr Bavadra last month.

Late yesterday, Radio Fiji quoted a military spokesman as saying the Army was prepared to harvest sugarcane if the Fiji Sugar Corporation thought it necessary. However the radio said the corporation had made no request for Army assistance.

New agency reports quote the country's sugar industry sources as saying that farmers would violently oppose any Army intervention in the harvest and that they would burn the cane rather than let soldiers cut it.

AUSTRALIABJELKE-PETERSEN NOT TO RUN FOR FEDERAL PARLIAMENT

BK030322 Melbourne Overseas Service in English 0230 GMT 3 Jun 87

[Text] The Queensland premier, Sir Joh Bjelke-Petersen, has called off his bid to become prime minister of a conservative federal government. The official announcement of Sir Joh's decision not to seek a seat in federal parliament was made on the Gold Coast where he launched the National Party campaign for the by-election for the state seat of Southport today. In a statement released just before his address, Sir Joh said the organization needed for a federal campaign could not be put together in the time available before polling day on 11 July.

The federal leader of the National Party, Mr Ian Sinclair, says Sir Joh's decision to end his run for Canberra will help the opposition parties win the election. Mr Sinclair said he did not believe the Queensland premier's campaign had irreparably harmed the Liberal and National Parties chances of defeating the Hawke government.

Mr Sinclair would not be drawn on the chances of the two parties returning to coalition before the election, but said they would undoubtedly form a coalition government.

Earlier, the federal opposition leader, Mr Howard, flew to Brisbane for talks with Sir Joh Bjelke-Petersen. However, Mr Howard would not reveal details of his meeting with the Queensland premier.

The prime minister, Mr Hawke, said there are still fundamental differences between the opposition parties despite the apparent agreement between Mr Howard and Sir Joh to present a united front.

Speaking in Canberra, Mr Hawke said Mr Howard was on the record as describing the Queensland premier as a thug while Sir John has called the opposition leader a silly little boy.

PAPUA NEW GUINEA

WINGTI COMMENTS ON FORUM PLAN, FIJI REJECTION

BK030620 Melbourne Overseas Service in English 0500 GMT 3 Jun 87

[Text] Papua New Guinea's prime minister, Mr Paias Wingti, says the South Pacific Forum has been embarrassed by the refusal of Fiji's governor general to accept the proposed forum delegation led by the Australian prime minister.

Speaking in Port Moresby on his return from the forum meeting in Apia, Mr Wingti said such embarrassment could have been avoided had the member nations accepted the Melanesian position of noninterference in Fiji's internal affairs.

The Papua New Guinean leader said the forum countries had agreed to accept the authority of the governor general, Ratu Sir Penaia Ganilau, and he in turn had rejected their offer of outside help. Mr Wingti dismissed claims that he had lost the argument over Fiji with Mr Hawke at the forum and repeated his claims that Melanesian nations had a better understanding of what was going on in Fiji than either Australia or New Zealand.

He said the conference in Western Samoa had been marked by healthy, emphatic, and in some cases, heated debate and had given confidence to many smaller Pacific states to express their views.

Mr Wingti also reiterated his earlier statement that the situation in New Caledonia represented the greatest threat to stability in the Pacific region.

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